

Columbia Gas of Kentucky, Inc.
CASE NO. 2016-00162
Forecasted Test Period Filing Requirements
807 KAR 5:001 Section 16-(7)(p)

Description of Filing Requirement:

A copy of the utility's annual report on Form 10-K as filed with the Securities and Exchange Commission for the most recent two (2) years, and any Form 8-K issued during the past two (2) years, and any Form 10-Q issued during the past six (6) quarters;

Response:

Please see attached for Columbia's application for Form 10-Q's and Form 8-K's. Form 10-K is part of the Annual Report to Stockholders and is included with Filing Requirement 16-(7)(l).

Responsible Witness:

Jana T. Croom

NISOURCE INC/DE

FORM 8-K (Current report filing)

Filed 04/02/14 for the Period Ending 03/31/14

Address	801 EAST 86TH AVE MERRILLVILLE, IN 46410-6272
Telephone	2196475200
CIK	0001111711
Symbol	NI
Fiscal Year	12/31

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 8-K

CURRENT REPORT

**Pursuant To Section 13 OR 15(d) of The
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): March 31, 2014

NiSource Inc.

(Exact name of registrant as specified in its charter)

Delaware

**(State or other jurisdiction
of incorporation or organization)**

001-16189

**Commission
file number**

35-2108964

**(I.R.S. Employer
Identification No.)**

**801 East 86th Avenue
Merrillville, Indiana**

(Address of principal executive offices)

46410

(Zip Code)

Registrant's telephone number, including area code (877) 647-5990

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions.

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2 (b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4 (c))
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ITEM 8.01. OTHER EVENTS.

On March 31, 2014, NiSource Inc. ("NiSource") issued a press release announcing, among other things, that Glen L. Kettering has been named executive vice president and group chief executive officer for NiSource's Columbia Pipeline Group business unit.

A copy of the press release is attached to this Report as Exhibit 99.1 and is incorporated by reference to this Item 8.01.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press Release, dated March 31, 2014, issued by NiSource Inc.

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 hereunto duly authorized.

NiSource Inc.

(Registrant)

Date: April 2, 2014

By:

/s/ Robert E. Smith

Robert E. Smith
Vice President and Corporate Secretary

EXHIBIT INDEX

Exhibit Number	Description
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NEWS

NiSource[®]
801 E. 86th Avenue
Merrillville, IN 46410

FOR IMMEDIATE RELEASE

March 31, 2014

FOR ADDITIONAL INFORMATION

Media

Mike Banas
Communications Manager
(219) 647-5581
mbanas@nisource.com

Investors

Randy Hulen
Vice President, Investor Relations
(219) 647-5688
rghulen@nisource.com

Kettering named CEO of Columbia Pipeline Group

Provides continuity of leadership focus on key growth and system modernization strategies

MERRILLVILLE, Ind. -- NiSource Inc. (NYSE: NI) today announced that **Glen L. Kettering** has been named executive vice president and group CEO for the company's Columbia Pipeline Group (CPG) business unit, effective April 1, 2014. Kettering, currently NiSource's Senior Vice President for Corporate Affairs, had also been serving as interim CEO for CPG since December 2013.

"Glen's extensive leadership experience and deep knowledge of the natural gas pipeline, storage and midstream industry make him an ideal choice to lead our Columbia Pipeline Group business," NiSource President and CEO **Robert C. Skaggs Jr.** said. "Our CPG business has a clearly defined plan, strong leadership, skilled teams, and a proven ability to execute. With Glen's continued guidance, I'm confident that our team at CPG will deliver on our commitments and execute on NiSource's growth strategy."

Skaggs noted that there are no other changes in the CPG leadership team, with strong senior leaders continuing in all key roles.

Kettering has served as senior vice president, Corporate Affairs for NiSource, since 2006, with responsibility for the company's Investor Relations, Corporate Communications and Federal Government Affairs functions. Kettering joined the law department of Columbia Gas Transmission in 1979 and has served in a variety of legal, regulatory, commercial and executive roles, including president of Columbia Gas Transmission and Columbia Gulf Transmission.

In conjunction with today's announcement, Skaggs also announced that:

- **Karl Brack**, currently vice president of Communication and Engagement Strategies, is assuming the role of senior vice president, Corporate Affairs, with responsibility for NiSource Corporate Communications, Philanthropy and Federal Government Affairs functions. Brack has been with the NiSource companies since 1987, serving in a variety of communications leadership roles in each of the corporation's primary business units. Brack will report to Skaggs and serve as a member of NiSource's Executive Council.
 - **Randy Hulen**, currently managing director of Investor Relations, has been promoted to vice president of Investor Relations, with responsibility for all NiSource investor outreach, communication and engagement activities. Hulen joined NiSource in 1994, and has broad experience in financial planning and analysis at both
-

the corporate and business unit levels. He was named director of Investor Relations in 2003, and managing director in 2010. Hulen will report to Stephen P. Smith, NiSource executive vice president and CFO.

About NiSource

NiSource Inc. (NYSE: NI), based in Merrillville, Ind., is a Fortune 500 company engaged in natural gas transmission, storage and distribution, as well as electric generation, transmission and distribution. NiSource operating companies deliver energy to 3.8 million customers located within the high-demand energy corridor stretching from the Gulf Coast through the Midwest to New England. Information about NiSource and its subsidiaries is available at www.nisource.com. NI-F

NISOURCE INC/DE

FORM 8-K (Current report filing)

Filed 04/30/14 for the Period Ending 04/30/14

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-

ITEM 2.02. RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On April 30, 2014, NiSource Inc. (the “Company”) reported its financial results for the quarter ended March 31, 2014. The Company’s press release, dated April 30, 2014, is attached as Exhibit 99.1.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits

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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 hereunto duly authorized.

NiSource Inc.

(Registrant)

Date: April 30, 2014

By:

/s/ Jon D. Veurink

Jon D. Veurink
Vice President and Chief Accounting Officer

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NEWS



801 E. 86th Avenue
Merrillville, IN 46410

April 30, 2014

FOR ADDITIONAL INFORMATION

Media

Mike Banas
Communications Manager
(219) 647-5581
mbanas@nisource.com

Investors

Randy Hulen
Vice President, Investor Relations
(219) 647-5688
rghulen@nisource.com

NiSource Reports First Quarter 2014 Earnings

- Results in line with 2014 earnings guidance
- Solid execution of growth, modernization and regulatory initiatives
- Expanding inventory of pipeline and midstream projects
- Record \$2.2 billion capital investment program on track

MERRILLVILLE, Ind. - NiSource Inc. (NYSE: NI) today announced net operating earnings from continuing operations (non-GAAP) of \$258.4 million, or \$0.82 per share, for the three months ended March 31, 2014, compared with \$215.3 million, or \$0.69 per share, for the same period in 2013. Operating earnings for the first quarter (non-GAAP) were \$509.1 million compared to \$427.9 million in the year-ago period.

On a GAAP basis, NiSource reported income from continuing operations of \$266.4 million, or \$0.85 per share, for the three months ended March 31, 2014, compared with \$216.0 million, or \$0.69 per share in the same period in 2013. Operating income was \$533.7 million for the first quarter of 2014, compared with \$428.9 million in the year-ago period. Schedules 1 and 2 of this news release contain a reconciliation of net operating earnings and operating earnings to GAAP.

“ Our Team delivered another quarter of solid performance and steady execution on NiSource’s expansive, infrastructure-focused investment strategy,” President and Chief Executive Officer **Robert C. Skaggs, Jr.** said. “Our utilities advanced key regulatory, legislative and long-term system enhancement programs, while our pipeline, storage and midstream business originated and executed on a robust inventory of growth and modernization projects. This continued focus on execution places us in a solid position to deliver net operating earnings in line with our guidance range of \$1.61 to \$1.71 per share for the year (non-GAAP).”

Columbia Pipeline Group continues execution on a growing number of infrastructure investments

NiSource's **Columbia Pipeline Group** (CPG) continues to make steady progress on its long-term infrastructure modernization programs, as well as its expanding inventory of midstream

and core growth initiatives tied to the company's strong asset position in the Utica and Marcellus Shale production regions. CPG is on track to invest more than \$800 million in 2014. Key year-to-date execution highlights for CPG include:

- **Columbia Gas Transmission** (Columbia Transmission) is on track with the second year of its long-term system modernization program. Under the program, CPG will invest approximately \$300 million annually in improvements to system reliability, safety and flexibility. A settlement with the company's customers addresses the initial five years of an expected 10-15 year program that exceeds \$4 billion in investment.
- **NiSource Midstream** executed a binding agreement for the approximately \$120 million Washington County Gathering project. The project, anchored by a long-term agreement with a subsidiary of Range Resources Corporation, will consist of gathering pipelines and compression facilities to transport well-head production into a nearby Columbia Transmission pipeline. Construction is anticipated to begin in late 2014, with an in-service date during the second half of 2015.
- **Millennium Pipeline** completed a new \$40 million compressor facility in Delaware County, N.Y., which went into service in March. NiSource owns a 47.5 percent interest in Millennium.
- CPG also remains on track with the execution of significant new supply- and market-driven growth projects, including the previously announced **Warren County, West Side Expansion, Giles County** and **Line 1570** projects. These projects, which will provide total additional pipeline capacity of approximately 900 million cubic feet per day, are scheduled to be in service by the end of 2014. The approximately \$275 million **East Side** project remains on budget and on schedule for completion in the third quarter of 2015.
- CPG continued advanced discussions with customers following the positive open season results for its **Rayne XPress and Leach XPress** projects. Together these projects are expected to provide additional transportation capacity of about 1.5 billion cubic feet per day, offering enhanced market access for Marcellus and Utica production via the Columbia Transmission and **Columbia Gulf Transmission** systems.
- Most recently, CPG completed a successful non-binding open season for its **WB XPress project**, which would involve the transportation of more than 1 billion cubic feet of Marcellus Shale production. Additional details on this project will be provided later this year.

"With an expanding mix of new and ongoing projects, as well as the systematic modernization of our core system, the CPG Team is strengthening the services we provide to our customers, assuring the continued reliability of our system and establishing the much-needed infrastructure for the ongoing development of shale energy supplies," Skaggs said.

NIPSCO advances key environmental, system reliability and modernization investments

NiSource's Indiana natural gas and electric business, **Northern Indiana Public Service Co.** (NIPSCO), remained on track with a broad agenda of system modernization, reliability and environmental improvements. Key NIPSCO execution highlights include:

- Two remaining **flue gas desulfurization** (FGD) projects at NIPSCO's coal-fired electric generating facilities remain on schedule and on budget. With projected completion dates

of year-end 2014 and year-end 2015, the FGD investments are part of more than \$850 million in environmental investments, including water quality and emission-control projects, recently completed and planned at NIPSCO's electric generating facilities.

- NIPSCO also has initiated the first year of investments under the company's **electric system modernization program**, approved in February by the Indiana Utility Regulatory Commission (IURC). The \$1.1 billion, seven-year program provides for the replacement and upgrade of underground circuits, transformers and poles, helping increase system reliability and deliver economic development benefits to the region. NIPSCO also has filed a complementary seven-year, \$700 million **natural gas modernization program**, with a decision from the IURC expected as early as today.
- Progress also continued on two major NIPSCO electric transmission projects designed to enhance system flexibility and reliability. The **Reynolds-Topeka** project, a 100-mile, 345-kilovolt line, remains on schedule with right-of-way acquisition in process. The **Greentown-Reynolds** project, a roughly 70-mile, 765-kilovolt line, is a joint project with Pioneer Transmission. Public outreach on the Greentown-Reynolds line continues, with the anticipated route selection, and subsequent right-of-way acquisition, beginning later this year. The projects involve an investment of approximately \$500 million for NIPSCO and are anticipated to be in service by the end of 2018.

"With more than \$6 billion in investments planned over the next decade, NIPSCO's infrastructure investment programs, as well as the company's continued focus on customer service and economic development, are on track to provide significant benefits to customers and communities across our northern Indiana service territory," Skaggs said.

Gas distribution system modernization, regulatory and customer programs on track

The **NiSource Gas Distribution** (NGD) companies continue to execute against a long-term, inventory of more than \$10 billion in infrastructure replacement and enhancement opportunities, paired with the development of complementary customer programs and regulatory initiatives. Year-to-date NGD execution highlights include:

- Following a record year of successfully implementing almost \$800 million in **gas distribution system replacement and modernization investments**, NiSource's gas utilities are on track to invest approximately \$815 million in system modernization and other capital investments during 2014.
- On April 23, the Public Utilities Commission of Ohio approved **Columbia Gas of Ohio's (COH)** annual infrastructure replacement and demand-side management rider. The rider provides for recovery of COH's well-established pipeline replacement program and customer energy efficiency program investments.
- On March 21, **Columbia Gas of Pennsylvania (CPA)** filed a rate case with the Pennsylvania Public Utility Commission to support continuation of CPA's ongoing infrastructure modernization program. If approved as filed, the case would increase annual revenues by approximately \$54 million. A decision is expected later this year.
- On February 28, the Massachusetts Department of Public Utilities issued an order on the **Columbia Gas of Massachusetts** base rate case. The order provides for an annual revenue increase of approximately \$19 million, and supports the company's current infrastructure modernization and replacement plans.

"Our gas distribution companies continue to steadily execute on a well-established agenda of

long-term investments in system reliability, while introducing an array of programs designed to help our customers manage energy use,” Skaggs said.

Affirming 2014 earnings guidance, capital investments, financial commitments

In addition to affirming NiSource’s full-year earnings outlook of \$1.61 to \$1.71 per share (non-GAAP), Skaggs noted that the company is on track to execute on a record capital investment program of approximately \$2.2 billion during 2014.

The company also continues to solidify its commitment to stable, investment grade credit ratings as Moody’s upgraded NiSource’s rating to Baa2 and Standard & Poor’s reaffirmed NiSource’s BBB- /stable rating during the first quarter. Fitch Ratings reaffirmed its rating in late 2013.

There will likely be differences between net operating earnings and GAAP earnings, but due to the unpredictability of weather and other factors, NiSource is continuing its practice of not providing GAAP earnings guidance.

First Quarter 2014 Operating Earnings - Segment Results (non-GAAP)

NiSource’s consolidated operating earnings (non-GAAP) for the three months ended March 31, 2014, were \$509.1 million, compared to \$427.9 million for the same period in 2013. Refer to Schedule 2 for the items included in 2014 and 2013 GAAP operating income but excluded from operating earnings.

Operating earnings for NiSource’s business segments for the three months ended March 31, 2014, are discussed below.

Columbia Pipeline Group Operations reported operating earnings of \$158.9 million for the three months ended March 31, 2014, compared with operating earnings of \$133.3 million for the prior year period. Net revenues, excluding the impact of trackers, increased by \$19.7 million primarily due to higher demand and commodity margin revenue as a result of growth projects and increased mineral rights royalty revenue.

Operating expenses, excluding the impact of trackers, decreased by \$3.2 million primarily due to gains on conveyance of mineral interests, which was partially offset by an increase in employee and administrative costs, higher depreciation, and increased property taxes.

Equity earnings increased by \$2.7 million primarily from increased earnings at Millennium Pipeline.

Electric Operations reported operating earnings of \$74.2 million for the three months ended March 31, 2014, compared with operating earnings of \$64.9 million for the prior year period. Net revenues, excluding the impact of trackers, increased by \$18.0 million primarily due to an increase in off-system sales, higher environmental investment cost recovery and increased industrial margins. These increases were partially offset by a decrease in transmission upgrade revenue and lower residential and commercial margins.

Operating expenses, excluding the impact of trackers, increased by \$8.7 million due primarily to increased employee and administrative costs.

Gas Distribution Operations reported operating earnings of \$280.1 million for the three months ended March 31, 2014, compared with operating earnings of \$233.3 million for the prior year period. Net revenues, excluding the impact of trackers, increased by \$54.1 million primarily attributable to increases in regulatory and service programs, including the impact of the rate settlement at Columbia Gas of Pennsylvania and the implementation of new rates under

Columbia Gas of Ohio's approved infrastructure replacement program, higher residential and commercial usage, and an increase in off-system sales.

Operating expenses, excluding the impact of trackers, increased by \$7.3 million due primarily to increased employee and administrative costs, higher depreciation due to an increase in capital expenditures and increased other taxes. These increases were partially offset by a decrease in outside service costs.

Corporate and Other Operations reported an operating earnings loss of \$4.1 million for the three months ended March 31, 2014, compared to an operating earnings loss of \$3.6 million for the comparable prior period.

Other Items

Interest expense increased by \$10.5 million due to issuances of long-term debt in April and October 2013. These increases were partially offset by the maturity of long-term debt in March 2013.

Other, net reflected income of \$4.5 million compared to income of \$4.1 million in 2013.

The effective tax rate of net operating earnings was 36.1 percent compared to 35.4 percent for the same period last year.

About NiSource

NiSource Inc. (NYSE: NI), based in Merrillville, Ind., is a Fortune 500 company engaged in natural gas transmission, storage and distribution, as well as electric generation, transmission and distribution. NiSource operating companies deliver energy to 3.8 million customers located within the high-demand energy corridor stretching from the Gulf Coast through the Midwest to New England. Information about NiSource and its subsidiaries is available via the Internet at www.nisource.com. NI-F

Forward-Looking Statements

This news release includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Those statements include statements regarding the intent, belief or current expectations of NiSource and its management. Although NiSource believes that its expectations are based on reasonable assumptions, it can give no assurance that its goals will be achieved. Readers are cautioned that the forward-looking statements in this presentation are not guarantees of future performance and involve a number of risks and uncertainties, and that actual results could differ materially from those indicated by such forward-looking statements. Important factors that could cause actual results to differ materially from those indicated by such forward-looking statements include, but are not limited to, the following: weather; fluctuations in supply and demand for energy commodities; growth opportunities for NiSource's businesses; increased competition in deregulated energy markets; the success of regulatory and commercial initiatives; dealings with third parties over whom NiSource has no control; actual operating experience of NiSource's assets; the regulatory process; regulatory and legislative changes; the impact of potential new environmental laws or regulations; the results of material litigation; changes in pension funding requirements; changes in general economic, capital and commodity market conditions; and counterparty credit risk and the matters set forth in the "Risk Factors" Section in NiSource's most recent Form 10-K and subsequent reports on Form 10-Q, many of which are risks beyond the control of NiSource. In addition, the relative contributions to profitability by each segment, and the assumptions underlying the forward-looking statements relating thereto, may change over time. NiSource expressly disclaims a duty to update any of the forward-looking statements contained in this release.

NiSource Inc.
Consolidated Net Operating Earnings (Non-GAAP)
(unaudited)

<i>(in millions, except per share amounts)</i>	Three Months Ended March 31,	
	2014	2013
Net Revenues		
Gas Distribution	\$ 1,193.3	\$ 891.5
Gas Transportation and Storage	578.5	468.5
Electric	445.3	377.1
Other	77.0	44.2
Gross Revenues	2,294.1	1,781.3
Cost of Sales (excluding depreciation and amortization)	1,061.3	675.9
Total Net Revenues	1,232.8	1,105.4
Operating Expenses		
Operation and maintenance	376.9	363.3
Operation and maintenance - trackers	124.3	91.1
Depreciation and amortization	148.7	140.0
Depreciation and amortization - trackers	—	3.5
Gain on sale of assets	(17.5)	—
Other taxes	70.6	62.2
Other taxes - trackers	30.5	24.5
Total Operating Expenses	733.5	684.6
Equity Earnings in Unconsolidated Affiliates	9.8	7.1
Operating Earnings	509.1	427.9
Other Income (Deductions)		
Interest expense, net	(109.1)	(98.6)
Other, net	4.5	4.1
Total Other Deductions	(104.6)	(94.5)
Operating Earnings From Continuing Operations		
Before Income Taxes	404.5	333.4
Income Taxes	146.1	118.1
Net Operating Earnings from Continuing Operations	258.4	215.3
GAAP Adjustment	8.0	0.7
GAAP Income from Continuing Operations	\$ 266.4	\$ 216.0
Basic Net Operating Earnings Per Share from Continuing Operations	\$ 0.82	\$ 0.69
GAAP Basic Earnings Per Share from Continuing Operations	\$ 0.85	\$ 0.69
Basic Average Common Shares Outstanding	314.2	311.1

NiSource Inc.
Segment Operating Earnings (Non-GAAP)
(unaudited)

Gas Distribution Operations <i>(in millions)</i>	Three Months Ended March 31,	
	2014	2013
Net Revenues		
Sales revenues	\$ 1,543.9	\$ 1,144.3
Less: Cost of gas sold	923.0	593.8
Net Revenues	620.9	550.5
Operating Expenses		
Operation and maintenance	181.4	181.3
Operation and maintenance - trackers	47.4	37.1
Depreciation and amortization	52.2	48.5
Other taxes	29.3	25.8
Other taxes - trackers	30.5	24.5
Total Operating Expenses	340.8	317.2
Operating Earnings	\$ 280.1	\$ 233.3
GAAP Adjustment	21.7	0.8
GAAP Operating Income	\$ 301.8	\$ 234.1

Columbia Pipeline Group Operations <i>(in millions)</i>	Three Months Ended March 31,	
	2014	2013
Net Revenues		
Transportation revenues	\$ 222.3	\$ 210.9
Storage revenues	50.0	50.5
Other revenues	73.3	40.0
Total Operating Revenues	345.6	301.4
Less: Cost of Sales	0.1	0.1
Net Revenues	345.5	301.3
Operating Expenses		
Operation and maintenance	94.7	86.1
Operation and maintenance - trackers	71.0	46.5
Depreciation and amortization	29.7	25.7
Gain on sale of assets	(17.5)	—
Other taxes	18.5	16.8
Total Operating Expenses	196.4	175.1
Equity Earnings in Unconsolidated Affiliates	9.8	7.1
Operating Earnings	\$ 158.9	\$ 133.3
GAAP Adjustment	—	0.2
GAAP Operating Income	\$ 158.9	\$ 133.5

NiSource Inc.
Segment Operating Earnings (Non-GAAP)
(unaudited)

Electric Operations <i>(in millions)</i>	Three Months Ended March 31,	
	2014	2013
Net Revenues		
Sales revenues	\$ 445.7	\$ 377.4
Less: Cost of sales	180.4	125.0
Net Revenues	265.3	252.4
Operating Expenses		
Operation and maintenance	106.6	100.4
Operation and maintenance - trackers	5.9	7.5
Depreciation and amortization	60.4	59.7
Depreciation and amortization - trackers	—	3.5
Other taxes	18.2	16.4
Total Operating Expenses	191.1	187.5
Operating Earnings	\$ 74.2	\$ 64.9
GAAP Adjustment	4.7	0.3
GAAP Operating Income	\$ 78.9	\$ 65.2

Corporate and Other Operations <i>(in millions)</i>	Three Months Ended March 31,	
	2014	2013
Operating Earnings (Loss)	\$ (4.1)	\$ (3.6)
GAAP Adjustment	(1.8)	(0.3)
GAAP Operating Income (Loss)	\$ (5.9)	\$ (3.9)

NiSource Inc.
Segment Volumes and Statistical Data

	Three Months Ended March 31,	
	2014	2013
Gas Distribution Operations		
Sales and Transportation (MMDth)		
Residential	156.5	132.0
Commercial	90.1	75.3
Industrial	136.8	133.3
Off System	14.3	21.7
Other	0.2	0.2
Total	397.9	362.5
Weather Adjustment	(36.1)	(1.0)
Sales and Transportation Volumes - Excluding Weather	361.8	361.5
Heating Degree Days	3,437	2,919
Normal Heating Degree Days	2,892	2,892
% Colder than Normal	19%	1%
Customers		
Residential	3,094,353	3,072,919
Commercial	283,000	281,933
Industrial	7,570	7,553
Other	20	23
Total	3,384,943	3,362,428

	Three Months Ended March 31,	
	2014	2013
Columbia Pipeline Group Operations		
Throughput (MMDth)		
Columbia Transmission	459.5	435.8
Columbia Gulf	184.9	190.2
Crossroads Pipeline	5.7	5.0
Intrasegment eliminations	(61.6)	(93.9)
Total	588.5	537.1

NiSource Inc.
Segment Volumes and Statistical Data

	Three Months Ended March 31,	
	2014	2013
Electric Operations		
Sales (Gigawatt Hours)		
Residential	896.2	864.1
Commercial	935.5	921.2
Industrial	2,607.1	2,319.6
Wholesale	311.8	61.3
Other	33.4	33.2
Total	4,784.0	4,199.4
Weather Adjustment	(70.0)	(3.4)
Sales Volumes - Excluding Weather impacts	4,714.0	4,196.0
Electric Customers		
Residential	402,676	401,559
Commercial	54,378	54,084
Industrial	2,370	2,373
Wholesale	724	725
Other	5	6
Total	460,153	458,747

NiSource Inc.
Schedule 1 – Reconciliation of Net Operating Earnings to GAAP

<i>(in millions, except per share amounts)</i>	Three Months Ended March 31,	
	2014	2013
Net Operating Earnings from Continuing Operations (Non-GAAP)	\$ 258.4	\$ 215.3
Items excluded from operating earnings		
Net Revenues:		
Weather - compared to normal	26.4	1.1
Operating Expenses:		
Loss on sale of assets and asset impairments	(1.8)	(0.1)
Total items excluded from operating earnings	24.6	1.0
Tax effect of above items	(9.6)	(0.3)
Income taxes - Indiana rate change	(7.0)	—
Total items excluded from net operating earnings	8.0	0.7
Reported Income from Continuing Operations - GAAP	\$ 266.4	\$ 216.0
Basic Average Common Shares Outstanding	314.2	311.1
Basic Net Operating Earnings Per Share from Continuing Operations	\$ 0.82	\$ 0.69
Items excluded from net operating earnings (after-tax)	0.03	—
GAAP Basic Earnings Per Share from Continuing Operations	\$ 0.85	\$ 0.69

NiSource Inc.

Schedule 2 – Adjustments by Segment from Operating Earnings to GAAP
For the Quarter ended March 31,

2014 (in millions)	Gas Distribution	Columbia Pipeline Group	Electric	Corporate & Other	Total
Operating Earnings (Loss)	\$ 280.1	\$ 158.9	\$ 74.2	\$ (4.1)	\$ 509.1
Net Revenues:					
Weather - compared to normal	21.7	—	4.7	—	26.4
Total Impact - Net Revenues	21.7	—	4.7	—	26.4
Operating Expenses:					
Loss on sale of assets and asset impairments	—	—	—	(1.8)	(1.8)
Total Impact - Operating Expenses	—	—	—	(1.8)	(1.8)
Total Impact - Operating Income (Loss)	\$ 21.7	\$ —	\$ 4.7	\$ (1.8)	\$ 24.6
Operating Income (Loss) - GAAP	\$ 301.8	\$ 158.9	\$ 78.9	\$ (5.9)	\$ 533.7

2013 (in millions)	Gas Distribution	Columbia Pipeline Group	Electric	Corporate & Other	Total
Operating Earnings (Loss)	\$ 233.3	\$ 133.3	\$ 64.9	\$ (3.6)	\$ 427.9
Net Revenues:					
Weather - compared to normal	0.8	—	0.3	—	1.1
Total Impact - Net Revenues	0.8	—	0.3	—	1.1
Operating Expenses:					
Gain (Loss) on sale of assets and asset impairments	—	0.2	—	(0.3)	(0.1)
Total Impact - Operating Expenses	—	0.2	—	(0.3)	(0.1)
Total Impact - Operating Income (Loss)	\$ 0.8	\$ 0.2	\$ 0.3	\$ (0.3)	\$ 1.0
Operating Income (Loss) - GAAP	\$ 234.1	\$ 133.5	\$ 65.2	\$ (3.9)	\$ 428.9

NiSource Inc.
Consolidated Income Statements (GAAP)
(unaudited)

<i>(in millions, except per share amounts)</i>	Three Months Ended March 31,	
	2014	2013
Net Revenues		
Gas Distribution	\$ 1,215.0	\$ 892.2
Gas Transportation and Storage	578.5	468.5
Electric	450.0	377.3
Other	77.0	44.2
Gross Revenues	2,320.5	1,782.2
Cost of Sales (excluding depreciation and amortization)	1,061.3	676.0
Total Net Revenues	1,259.2	1,106.2
Operating Expenses		
Operation and maintenance	501.2	454.3
Depreciation and amortization	148.7	143.6
Gain on sale of assets, net	(15.7)	(0.2)
Other taxes	101.1	86.7
Total Operating Expenses	735.3	684.4
Equity Earnings in Unconsolidated Affiliates	9.8	7.1
Operating Income	533.7	428.9
Other Income (Deductions)		
Interest expense, net	(109.1)	(98.6)
Other, net	4.5	4.1
Total Other Deductions	(104.6)	(94.5)
Income from Continuing Operations before Income Taxes	429.1	334.4
Income Taxes	162.7	118.4
Income from Continuing Operations	266.4	216.0
(Loss) Income from Discontinued Operations - net of taxes	(0.2)	8.1
Gain on Disposition of Discontinued Operations - net of taxes	—	36.4
Net Income	\$ 266.2	\$ 260.5
Basic Earnings Per Share		
Continuing operations	\$ 0.85	\$ 0.69
Discontinued operations	—	0.15
Basic Earnings Per Share	\$ 0.85	\$ 0.84
Diluted Earnings Per Share		
Continuing operations	\$ 0.85	\$ 0.69
Discontinued operations	—	0.14
Diluted Earnings Per Share	\$ 0.85	\$ 0.83
Dividends Declared Per Common Share	\$ 0.50	\$ 0.48
Basic Average Common Shares Outstanding	314.2	311.1
Diluted Average Common Shares	315.1	312.1

NiSource Inc.
Consolidated Balance Sheets (GAAP)
(unaudited)

<i>(in millions)</i>	March 31, 2014	December 31, 2013
ASSETS		
Property, Plant and Equipment		
Utility plant	\$ 23,695.7	\$ 23,303.7
Accumulated depreciation and amortization	(9,358.6)	(9,256.5)
Net utility plant	14,337.1	14,047.2
Other property, at cost, less accumulated depreciation	320.6	317.9
Net Property, Plant and Equipment	14,657.7	14,365.1
Investments and Other Assets		
Unconsolidated affiliates	407.1	373.7
Other investments	203.1	204.0
Total Investments and Other Assets	610.2	577.7
Current Assets		
Cash and cash equivalents	38.0	26.8
Restricted cash	10.9	8.0
Accounts receivable (less reserve of \$34.6 and \$23.5, respectively)	1,271.2	1,005.8
Income tax receivable	4.1	5.1
Gas inventory	97.9	354.6
Underrecovered gas and fuel costs	114.3	46.4
Materials and supplies, at average cost	104.8	101.2
Electric production fuel, at average cost	22.9	44.6
Price risk management assets	14.4	22.7
Exchange gas receivable	161.4	70.6
Regulatory assets	159.1	142.8
Prepayments and other	321.1	330.6
Total Current Assets	2,320.1	2,159.2
Other Assets		
Regulatory assets	1,494.9	1,522.2
Goodwill	3,666.2	3,666.2
Intangible assets	272.9	275.7
Deferred charges and other	85.3	87.8
Total Other Assets	5,519.3	5,551.9
Total Assets	\$ 23,107.3	\$ 22,653.9

NiSource Inc.
Consolidated Balance Sheets (GAAP) (continued)
(*unaudited*)

<i>(in millions, except share amounts)</i>	March 31, 2014	December 31, 2013
CAPITALIZATION AND LIABILITIES		
Capitalization		
Common Stockholders' Equity		
Common stock - \$0.01 par value, 400,000,000 shares authorized; 314,800,122 and 313,675,911 shares outstanding, respectively	\$ 3.2	\$ 3.2
Additional paid-in capital	4,715.6	4,690.1
Retained earnings	1,394.4	1,285.5
Accumulated other comprehensive loss	(42.5)	(43.6)
Treasury stock	(58.6)	(48.6)
Total Common Stockholders' Equity	6,012.1	5,886.6
Long-term debt, excluding amounts due within one year	7,638.5	7,593.2
Total Capitalization	13,650.6	13,479.8
Current Liabilities		
Current portion of long-term debt	530.5	542.1
Short-term borrowings	812.5	698.7
Accounts payable	714.4	619.0
Dividends payable	78.7	—
Customer deposits and credits	239.4	262.6
Taxes accrued	278.6	254.8
Interest accrued	75.3	136.4
Overrecovered gas and fuel costs	25.8	32.2
Exchange gas payable	143.1	186.4
Deferred revenue	7.9	18.5
Regulatory liabilities	79.1	60.2
Accrued liability for postretirement and postemployment benefits	6.2	6.2
Legal and environmental	25.5	32.3
Other accruals	323.8	329.0
Total Current Liabilities	3,340.8	3,178.4
Other Liabilities and Deferred Credits		
Deferred income taxes	3,392.3	3,277.8
Deferred investment tax credits	20.0	20.9
Deferred credits	100.2	91.9
Noncurrent deferred revenue	21.8	17.1
Accrued liability for postretirement and postemployment benefits	508.1	527.5
Regulatory liabilities	1,677.6	1,669.8
Asset retirement obligations	176.5	174.4
Other noncurrent liabilities	219.4	216.3
Total Other Liabilities and Deferred Credits	6,115.9	5,995.7
Commitments and Contingencies		
	—	—
Total Capitalization and Liabilities	\$ 23,107.3	\$ 22,653.9

NiSource Inc.
Statements of Consolidated Cash Flows (GAAP)
(unaudited)

Three Months Ended March 31, (in millions)	2014	2013
Operating Activities		
Net Income	\$ 266.2	\$ 260.5
Adjustments to Reconcile Net Income to Net Cash from Continuing Operations:		
Depreciation and amortization	148.7	143.6
Net changes in price risk management assets and liabilities	0.8	0.5
Deferred income taxes and investment tax credits	148.9	117.1
Deferred revenue	1.8	(0.4)
Stock compensation expense and 401(k) profit sharing contribution	13.9	10.6
Gain on sale of assets	(15.7)	(0.2)
Income from unconsolidated affiliates	(9.6)	(7.3)
Gain on disposition of discontinued operations - net of taxes	—	(36.4)
Loss (Income) from discontinued operations - net of taxes	0.2	(8.1)
Amortization of debt related costs	2.4	2.3
AFUDC equity	(4.0)	(3.5)
Distributions of earnings received from equity investees	7.6	7.0
Changes in Assets and Liabilities:		
Accounts receivable	(265.1)	(161.4)
Income tax receivable	0.9	50.4
Inventories	274.0	254.7
Accounts payable	126.5	25.4
Customer deposits and credits	(23.1)	(102.0)
Taxes accrued	19.3	28.1
Interest accrued	(61.1)	(65.5)
(Under)Overrecovered gas and fuel costs	(74.2)	69.3
Exchange gas receivable/payable	(134.2)	(89.8)
Other accruals	(30.1)	(26.6)
Prepayments and other current assets	4.5	(5.8)
Regulatory assets/liabilities	2.9	5.8
Postretirement and postemployment benefits	(19.3)	(36.8)
Deferred credits	8.4	7.7
Deferred charges and other noncurrent assets	(0.2)	(0.4)
Other noncurrent liabilities	4.0	(2.0)
Net Operating Activities from Continuing Operations	394.4	436.8
Net Operating Activities (used for) from Discontinued Operations	(0.4)	12.3
Net Cash Flows from Operating Activities	394.0	449.1
Investing Activities		
Capital expenditures	(386.3)	(369.3)
Proceeds from disposition of assets	5.3	0.5
Restricted cash (deposits) withdrawals	(2.9)	23.6
Contributions to equity investees	(31.0)	(17.1)
Other investing activities	7.0	(5.3)
Net Investing Activities used for Continuing Operations	(407.9)	(367.6)
Net Investing Activities from Discontinued Operations	—	121.5
Net Cash Flows used for Investing Activities	(407.9)	(246.1)
Financing Activities		
Repayments of long-term debt and capital lease obligations	(9.1)	(427.1)
Change in short-term borrowings, net	113.8	354.3

Issuance of common stock	8.9	17.2
Acquisition of treasury stock	(10.0)	(7.6)
Dividends paid - common stock	(78.5)	(74.7)
Net Cash Flows from (used for) Financing Activities	25.1	(137.9)
Change in cash and cash equivalents from (used for) continuing operations	11.6	(68.7)
Cash contributions (to) from discontinued operations	(0.4)	133.8
Cash and cash equivalents at beginning of period	26.8	36.3
Cash and Cash Equivalents at End of Period	\$ 38.0	\$ 101.4

NISOURCE INC/DE

FORM 8-K (Current report filing)

Filed 05/16/14 for the Period Ending 05/13/14

Address	801 EAST 86TH AVE MERRILLVILLE, IN 46410-6272
Telephone	2196475200
CIK	0001111711
Symbol	NI
Fiscal Year	12/31

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 8-K

CURRENT REPORT

**Pursuant To Section 13 OR 15(d) of The
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): May 13, 2014

NiSource Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction
of incorporation or organization)

001-16189

Commission
file number

35-2108964

(I.R.S. Employer
Identification No.)

**801 East 86th Avenue
Merrillville, Indiana**

(Address of principal executive offices)

46410

(Zip Code)

Registrant's telephone number, including area code (877) 647-5990

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions.

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2 (b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4 (c))
-

ITEM 5.02. DEPARTURE OF DIRECTORS OR CERTAIN OFFICERS; ELECTION OF DIRECTORS; APPOINTMENT OF CERTAIN OFFICERS; COMPENSATORY ARRANGEMENTS OF CERTAIN OFFICERS.

The Board of Directors of NiSource Inc. (the “Company”) has appointed Joseph W. Mulpas to succeed Jon D. Veurink as Vice President and Chief Accounting Officer effective May 13, 2014. As previously announced, Mr. Veurink will serve as chief financial officer for the Company’s Gas Distribution business segment effective May 13, 2014.

Previous to this appointment, Mr. Mulpas, age 42, served as Vice President with the Company’s Finance Department, a position he has held since March 17, 2014. Prior to joining the Company, Mr. Mulpas served as Assistant Controller-Corporate for FirstEnergy Corp. since November 2012, after serving as Vice President, Controller and Chief Accounting Officer for Maxum Petroleum, Inc. From May 2009 to June 2012, he served as Vice President, Controller and Chief Accounting Officer for DPL, Inc. Prior to his tenure with DPL, Inc., Mr. Mulpas was an Audit Partner with Deloitte & Touche LLP.

Mr. Mulpas’ annual base salary is \$300,000. He will participate in the Company’s annual short-term incentive plan with a target bonus opportunity for 2014 of 50% of his annual base salary, and he was granted a long-term equity incentive award under the 2010 Omnibus Incentive Plan with a value on the date of grant equal to \$225,000 in the form of performance shares.

In connection with commencement of his new role, Mr. Mulpas has entered into a Change in Control and Termination Agreement with the Company. In the event the Company terminates his employment for any reason other than “good cause” or if he terminates his employment for “good reason”, in each case in connection with certain changes in control, Mr. Mulpas will be entitled to (i) a lump-sum payment equal to 24 times the sum of his monthly salary and one-twelfth of his target bonus as then in effect, (ii) a lump-sum payment equal to his prorated annual short-term incentive opportunity at the “target” level, (iii) a lump-sum payment equal to 130% of the costs of continuation coverage premiums under the Company’s welfare plans, and (iv) certain outplacement services. In addition, restrictions on any performance shares held by Mr. Mulpas will lapse upon the occurrence of any such change in control.

ITEM 5.07. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

On May 13, 2014, the Company held its Annual Meeting of Stockholders (the “Annual Meeting”). Set forth below are the matters acted upon by the stockholders of the Company at the Annual Meeting as described in the Company’s Proxy Statement filed on April 4, 2014, and the final voting results on each such matter.

Proposal 1: Election of Directors. The number of votes cast for and against each nominee, as well as the number of abstentions and broker non-votes, were as follows:

<u>Name of Nominee</u>	<u>Votes For</u>	<u>Votes Against</u>	<u>Abstentions</u>	<u>Broker Non-Votes</u>
Richard A. Abdoo	244,342,106	2,401,419	1,287,895	21,894,320
Aristides S. Candris	244,603,692	2,126,910	1,300,818	21,894,320
Sigmund L. Cornelius	214,819,940	31,931,238	1,280,242	21,894,320
Michael E. Jesanis	244,571,635	2,192,755	1,267,030	21,894,320
Marty R. Kittrell	244,891,399	1,896,822	1,243,199	21,894,320
W. Lee Nutter	244,315,473	2,532,757	1,183,189	21,894,320
Deborah S. Parker	244,306,170	2,532,156	1,193,094	21,894,320
Robert C. Skaggs, Jr.	245,165,612	1,799,534	1,066,274	21,894,320
Teresa A. Taylor	244,492,084	2,317,474	1,221,862	21,894,320
Richard L. Thompson	244,257,481	2,566,906	1,207,033	21,894,320
Carolyn Y. Woo	242,576,540	4,270,519	1,184,361	21,894,320

Each nominee, having received more votes in favor of his or her election than against election, was elected.

Proposal 2: Advisory Approval of Executive Compensation. The number of votes cast for and against this matter, as well as the number of abstentions, were as follows:

<u>Votes For</u>	<u>Votes Against</u>	<u>Abstentions</u>
238,924,901	6,657,584	2,448,935

There were 21,894,320 broker non-votes as to Proposal 2.

Proposal 2, having received the affirmative vote of the holders of at least a majority of the shares of common stock present or represented by proxy and entitled to vote at the Annual Meeting, was approved on an advisory basis.

Proposal 3: Ratification of Independent Registered Public Accountants. The number of votes cast for and against this matter, as well as the number of abstentions, were as follows:

<u>Votes For</u>	<u>Votes Against</u>	<u>Abstentions</u>
265,437,505	3,219,772	1,268,463

There were no broker non-votes as to Proposal 3.

Proposal 3, having received the affirmative vote of the holders of at least a majority of the shares of common stock present or represented by proxy and entitled to vote at the Annual Meeting, was approved.

Proposal 4: Stockholder Proposal Regarding Reports on Political Contributions. The number of votes cast for and against this matter, as well as the number of abstentions, were as follows:

<u>Votes For</u>	<u>Votes Against</u>	<u>Abstentions</u>
77,486,063	154,106,872	16,438,485

There were 21,894,320 broker non-votes as to Proposal 4.

Proposal 4, having failed to receive the affirmative vote of the holders of at least a majority of the shares of common stock present or represented by proxy and entitled to vote at the Annual Meeting, was not approved.

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 hereunto duly authorized.

NiSource Inc.

(Registrant)

Date: May 16, 2014

By:

/s/ Robert E. Smith

Robert E. Smith

Vice President and Corporate Secretary

NISOURCE INC/DE

FORM 8-K (Current report filing)

Filed 07/31/14 for the Period Ending 07/31/14

Address	801 EAST 86TH AVE MERRILLVILLE, IN 46410-6272
Telephone	2196475200
CIK	0001111711
Symbol	NI
Fiscal Year	12/31

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 8-K

CURRENT REPORT

**Pursuant To Section 13 OR 15(d) of The
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): July 31, 2014

NiSource Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction
of incorporation or organization)

001-16189

Commission
file number

35-2108964

(I.R.S. Employer
Identification No.)

**801 East 86th Avenue
Merrillville, Indiana**

(Address of principal executive offices)

46410

(Zip Code)

Registrant's telephone number, including area code (877) 647-5990

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions.

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 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2 (b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4 (c))
-

ITEM 2.02. RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On July 31, 2014, NiSource Inc. (the “Company”) reported its financial results for the quarter ended June 30, 2014. The Company’s press release, dated July 31, 2014, is attached as Exhibit 99.1.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits

Exhibit Number	Description
99.1	Press Release, dated July 31, 2014, issued by NiSource Inc.

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 hereunto duly authorized.

NiSource Inc.

(Registrant)

Date: July 31, 2014

By:

/s/ Joseph W. Mulpas

Joseph W. Mulpas
Vice President and Chief Accounting Officer

EXHIBIT INDEX

Exhibit Number	Description
99.1	Press Release, dated July 31, 2014, issued by NiSource Inc.

NEWS

NiSource[®]
801 E. 86th Avenue
Merrillville, IN 46410

July 31, 2014

FOR ADDITIONAL INFORMATION

Media

Ken Stammen
Manager, Communications
(614) 460-5544
kstammen@nisource.com

Investors

Randy Hulen
Vice President, Investor Relations
(219) 647-5688
rghulen@nisource.com

NiSource Reports Second Quarter 2014 Earnings

- 2014 earnings now targeted at the upper half of full-year guidance range
- New pipeline growth projects in progress, inventory continues to expand
- Solid execution of growth, modernization and regulatory initiatives
- Record \$2.2 billion capital investment program remains on track

MERRILLVILLE, Ind. - NiSource Inc. (NYSE: NI) today announced net operating earnings from continuing operations (non-GAAP) of \$77.9 million, or \$0.25 per share, for the three months ended June 30, 2014, compared with \$72.8 million, or \$0.23 per share, for the same period in 2013. Operating earnings for the second quarter (non-GAAP) were \$219.1 million compared to \$194.7 million in the year-ago period.

On a GAAP basis, NiSource reported income from continuing operations of \$78.5 million, or \$0.25 per share, for the three months ended June 30, 2014, compared with \$72.4 million, or \$0.23 per share, for the same period in 2013. Operating income for the second quarter was \$219.6 million compared to \$194.0 million in the year-ago period. Schedules 1 and 2 of this news release contain a reconciliation of net operating earnings and operating earnings to GAAP.

“ The NiSource team continues its solid execution of our infrastructure investment-driven business plan,” President and Chief Executive Officer **Robert C. Skaggs, Jr.** said. “During the second quarter, our system modernization and growth projects continued to progress along with a broad and steadily increasing inventory of new pipeline projects. With this strong and sustainable level of performance, we now expect to deliver net operating earnings from continuing operations at the upper half of our \$1.61 to \$1.71 per share 2014 guidance range.”

Columbia Pipeline Group originating new growth projects, continuing to execute modernization program

NiSource's **Columbia Pipeline Group** (CPG) continues to make steady progress on its growth, modernization and midstream programs tied to the company's strategic asset position in the Utica and Marcellus Shale production regions. With more than \$1 billion of growth projects in progress, CPG remains on track to invest more than \$825 million in 2014. Looking forward, CPG's growth project inventory continues to expand, driven by the prolific supply development activity in the shale regions, as well as market opportunities associated with LNG exports, gas-fired electric generation and growing industrial demand.

Key recent execution highlights for CPG include:

- CPG began engineering and planning for the approximately \$50 million **Utica Access** project. This new project consists of the construction of facilities to transport Utica Shale gas for Eclipse Resources Corporation to liquid trading points on the **Columbia Gas Transmission** (Columbia Transmission) system in West Virginia. The 200-million-cubic-foot-per-day project is expected to be in service by the end of 2016.
- Columbia Transmission also reached an agreement to provide firm transportation to **serve a natural gas-fired electric generation plant** in Kentucky. The roughly 70-million-cubic-foot-per-day project is expected to involve an investment of about \$25 million and begin service in mid-2016. Meanwhile, CPG's 250-million-cubic-foot-per-day **Warren County** project is ready for service to support Virginia Electric and Power Co.'s new gas-fired electric generation plant in Virginia.
- CPG's **Leach** and **Rayne XPress** projects are in advanced stages of development. These projects are expected to provide additional transportation capacity of about 1.5 billion and 800 million cubic feet per day on the Columbia Transmission and **Columbia Gulf Transmission** systems, respectively, offering enhanced market access for Marcellus and Utica production. Confirmed details on these projects are expected in the next several weeks.
- Development activities surrounding Columbia Transmission's **WB XPress** project are proceeding well. The project would involve the transportation of about 1.3 billion cubic feet of Marcellus Shale production to pipeline interconnects and East Coast markets. Additional details on this project will be provided within the next few months.
- Columbia Transmission also remains on track with the second year of its **long-term system modernization** program. Under the program, CPG is investing approximately \$300 million annually in improvements to system reliability, integrity and flexibility. A settlement with the company's customers addresses the initial five years of an expected 10-15 year program that exceeds \$4 billion in investment.
- **NiSource Midstream Services (NMS)** has completed the facilities supporting the first phase of its Hickory Bend project. In addition, NMS began executing its approximately \$120 million Washington County Gathering project. The project, anchored by a long-term agreement with a subsidiary of Range Resources Corporation, will consist of gathering pipelines and compression facilities in western Pennsylvania to transport production into a nearby Columbia Transmission pipeline. This project is expected to be in-service during the second half of 2015.

- NMS also continued to expand its core assets and services to support growing Appalachian shale production. The company is in advanced discussions with customers to optimize and expand its **Big Pine Gathering System** to support Marcellus Shale production in Western Pennsylvania. In addition to fully subscribing the existing capacity, this incremental 175-million-cubic-feet-per-day project includes additional gathering pipeline and compression facilities that are expected to begin service in the second quarter of 2015.

“The CPG team continues to originate and advance significant customer-supported growth projects.” Skaggs said. “These new projects, which capitalize on our solid relationships and strategic position in the Marcellus and Utica producing regions, extend our already deep inventory of capital investment opportunities.”

NIPSCO on track with environmental, modernization and transmission projects

NiSource’s Indiana natural gas and electric business, **Northern Indiana Public Service Co.** (NIPSCO), remains on track with a broad agenda of system modernization, reliability and environmental improvements. Key execution highlights for NIPSCO include:

- On April 30, the Indiana Utility Regulatory Commission (IURC) approved NIPSCO’s seven-year, \$700 million **natural gas modernization program**. This program, which complements the in-progress \$1.1 billion **electric system modernization program** approved in February, will address system modernization as well as system expansion in rural areas.
- Progress also continued on two major NIPSCO electric transmission projects designed to enhance region-wide system flexibility and reliability. The route has been selected for the **Greentown-Reynolds** project, a roughly 70-mile, 765-kilovolt line being constructed in a joint development agreement with Pioneer Transmission. Meanwhile, NIPSCO’s **Reynolds-Topeka** project, a 100-mile, 345-kilovolt line, remains on schedule with right-of-way acquisition and permitting in process. These projects involve an investment of approximately \$500 million for NIPSCO and are anticipated to be in service by the end of 2018.
- Two remaining **flue gas desulfurization** (FGD) projects at NIPSCO’s coal-fired electric generating facilities remain on schedule and on budget. With projected completion dates of year-end 2014 and year-end 2015, the FGD investments are part of more than \$850 million in environmental investments, including water quality and emission-control projects recently completed and planned at NIPSCO’s electric generating facilities.
- NIPSCO also filed a plan with the IURC to continue offering its **electric energy efficiency programs**, including the residential energy efficiency rebate, new construction and low-income weatherization programs that are set to expire at the end of 2014.

“The NIPSCO team continues to execute on a series of long-term environmental, system modernization and electric transmission programs,” Skaggs said. “These significant investments, coupled with the team’s continued focus on customer service and reliability, will produce benefits for customers and communities in northern Indiana, as well as NiSource shareholders.”

NiSource Gas Distribution advances regulatory agenda, legislative progress and infrastructure programs

The **NiSource Gas Distribution** (NGD) companies continue to execute against a long-term inventory of more than \$10 billion in infrastructure replacement and enhancement opportunities. Key execution highlights for NGD include:

- On June 26, Massachusetts Gov. Deval Patrick signed legislation authorizing accelerated recovery of gas infrastructure modernization investments. **Columbia Gas of Massachusetts** (CMA) intends to file a construction plan with the Massachusetts Department of Public Utilities by Oct. 31, 2014 and expects to begin recovery of infrastructure investments made under the program on May 1, 2015.
- On April 30, **Columbia Gas of Virginia** (CGV) filed a rate case with the Virginia State Corporation Commission to recover investments associated with CGV's ongoing efforts to accommodate growth, as well as to modernize its gas distribution system. If approved as filed, the case would increase annual revenues by approximately \$25 million. A decision is expected by the end of 2014.
- On March 21, **Columbia Gas of Pennsylvania** (CPA) filed a rate case with the Pennsylvania Public Utility Commission to support continuation of CPA's ongoing infrastructure modernization program. If approved as filed, the case would increase annual revenues by approximately \$54 million. A decision is expected later this year.
- NiSource's gas utilities remain on track to invest approximately \$785 million in system modernization and other capital investments during 2014.

"Our gas distribution team once again executed on its well-established system modernization programs, and continued to advance complementary regulatory initiatives," Skaggs said. "This strategy is enhancing the safety and reliability of our systems, creating new energy efficiency tools for customers, and delivering value for our shareholders."

Earnings guidance, capital investments, financial commitments on track; Investor Day scheduled

In addition to noting that NiSource is projected to achieve earnings at the upper half of its full-year earnings outlook of \$1.61 to \$1.71 per share (non-GAAP), Skaggs confirmed that the company remains on track with its record \$2.2 billion capital investment program during 2014.

NiSource remains committed to maintaining stable, investment grade credit ratings, while delivering sustainable long-term earnings and dividend growth.

Skaggs also announced that NiSource will host an Investor Day in New York City on Sept. 29, 2014. Skaggs and other members of NiSource's senior management team will discuss the company's investment growth strategy, its market outlook and other matters of interest to the financial community. A live webcast with accompanying presentations will be available on nsource.com.

There will likely be differences between net operating earnings and GAAP earnings, but due to the unpredictability of weather and other factors, NiSource is continuing its practice of not providing GAAP earnings guidance.

Second Quarter 2014 Operating Earnings - Segment Results (non-GAAP)

NiSource's consolidated operating earnings (non-GAAP) for the three months ended June 30, 2014, were \$219.1 million, compared to \$194.7 million for the same period in 2013. Refer to Schedule 2 for the items included in 2014 and 2013 GAAP operating income but excluded from operating earnings.

Operating earnings for NiSource's business segments for the three months ended June 30, 2014, are discussed below.

Columbia Pipeline Group Operations reported operating earnings of \$103.7 million for the three months ended June 30, 2014, compared with operating earnings of \$88.8 million for the prior year period. Net revenues, excluding the impact of trackers, increased by \$22.2 million primarily due to higher demand margin revenue as a result of growth projects placed into service and increased mineral rights royalty revenue.

Operating expenses, excluding the impact of trackers, increased by \$10.4 million primarily due to an increase in employee and administrative costs and higher depreciation. Equity earnings increased by \$3.1 million primarily from increased earnings at Millennium Pipeline.

Electric Operations reported operating earnings of \$59.8 million for the three months ended June 30, 2014, compared with operating earnings of \$58.6 million for the prior year period. Net revenues, excluding the impact of trackers, increased by \$12.2 million primarily due to higher industrial, commercial, and residential margins, increased environmental investment cost recovery, and lower fuel handling costs. These increases were partially offset by a decrease in off-system sales.

Operating expenses, excluding the impact of trackers, increased by \$11.0 million due primarily to higher electric generation costs largely due to outages and maintenance and increased employee and administrative costs.

Gas Distribution Operations reported operating earnings of \$62.5 million for the three months ended June 30, 2014, compared with operating earnings of \$51.8 million for the prior year period. Net revenues, excluding the impact of trackers, increased by \$26.0 million primarily attributable to increases in regulatory and service programs, including the impact of the rate settlement at Columbia Gas of Pennsylvania and the implementation of new rates under Columbia Gas of Ohio's approved infrastructure replacement program.

Operating expenses, excluding the impact of trackers, increased by \$15.3 million due primarily to increased outside service costs, higher depreciation due to an increase in capital expenditures, and increased employee and administrative costs.

Corporate and Other Operations reported an operating earnings loss of \$6.9 million for the three months ended June 30, 2014, compared to an operating earnings loss of \$4.5 million for the comparable prior period.

Other Items

Interest expense increased by \$7.1 million due to the issuance of long-term debt in October 2013.

Other, net reflected income of \$7.5 million compared to income of \$13.3 million in 2013 primarily attributable to a decrease in gains from insurance proceeds.

The effective tax rate of net operating earnings was 33.7 percent compared to 31.3 percent for the same period last year. The 2.4 percent increase is primarily due to deferred tax adjustments recorded in 2013 related to state apportionment changes.

Six Month Period 2014 Operating Earnings - Segment Results (non-GAAP)

NiSource's consolidated operating earnings (non-GAAP) for the six months ended June 30, 2014, were \$728.2 million, compared to \$622.6 million for the same period in 2013. Refer to Schedule 2 for the items included in 2014 and 2013 GAAP operating income but excluded from operating earnings.

Operating earnings for NiSource's business segments for the six months ended June 30, 2014, are discussed below.

Columbia Pipeline Group Operations reported operating earnings of \$262.6 million for the six months ended June 30, 2014, compared with operating earnings of \$222.1 million for the prior year period. Net revenues, excluding the impact of trackers, increased by \$41.9 million primarily due to higher demand margin revenue as a result of growth projects placed into service and increased mineral rights royalty revenue.

Operating expenses, excluding the impact of trackers, increased by \$7.2 million primarily due to an increase in employee and administrative costs, higher depreciation, and increased property taxes. These increases were partially offset by gains on conveyances of mineral interests. Equity earnings increased by \$5.8 million primarily from increased earnings at Millennium Pipeline.

Electric Operations reported operating earnings of \$134.0 million for the six months ended June 30, 2014, compared with operating earnings of \$123.5 million for the prior year period. Net revenues, excluding the impact of trackers, increased by \$30.2 million primarily due to increased industrial margins, higher environmental investment cost recovery, and an increase in off-system sales. These increases were partially offset by a decrease in transmission upgrade revenue.

Operating expenses, excluding the impact of trackers, increased by \$19.7 million due primarily to higher employee and administrative costs and increased electric generation costs largely due to outages and maintenance.

Gas Distribution Operations reported operating earnings of \$342.6 million for the six months ended June 30, 2014, compared with operating earnings of \$285.1 million for the prior year period. Net revenues, excluding the impact of trackers, increased by \$80.1 million primarily attributable to increases in regulatory and service programs, including the impact of the rate settlement at Columbia Gas of Pennsylvania and the implementation of new rates under Columbia Gas of Ohio's approved infrastructure replacement program. Additionally, there was increased residential and commercial usage, higher off-system sales, and increased customer count.

Operating expenses, excluding the impact of trackers, increased by \$22.6 million due primarily to higher depreciation due to an increase in capital expenditures, increased employee and administrative costs and higher other taxes.

Corporate and Other Operations reported an operating earnings loss of \$11.0 million for the six months ended June 30, 2014, compared to an operating earnings loss of \$8.1 million for the comparable prior period.

Other Items

Interest expense increased by \$17.6 million due to issuances of long-term debt in April and October 2013. These increases were partially offset by the maturity of long-term debt in March 2013.

Other, net reflected income of \$12.0 million compared to income of \$17.4 million in 2013 primarily attributable to a decrease in gains from insurance proceeds.

The effective tax rate of net operating earnings was 35.6 percent compared to 34.4 percent for the same period last year.

About NiSource

NiSource Inc. (NYSE: NI), based in Merrillville, Ind., is a Fortune 500 company engaged in natural gas transmission, storage and distribution, as well as electric generation, transmission and distribution. NiSource operating companies deliver energy to 3.8 million customers located within the high-demand energy corridor stretching from the Gulf Coast through the Midwest to New England. Information about NiSource and its subsidiaries is available via the Internet at www.nisource.com. NI-F

Forward-Looking Statements

This news release includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Those statements include statements regarding the intent, belief or current expectations of NiSource and its management. Although NiSource believes that its expectations are based on reasonable assumptions, it can give no assurance that its goals will be achieved. Readers are cautioned that the forward-looking statements in this presentation are not guarantees of future performance and involve a number of risks and uncertainties, and that actual results could differ materially from those indicated by such forward-looking statements. Important factors that could cause actual results to differ materially from those indicated by such forward-looking statements include, but are not limited to, the following: weather; fluctuations in supply and demand for energy commodities; growth opportunities for NiSource's businesses; increased competition in deregulated energy markets; the success of regulatory and commercial initiatives; dealings with third parties over whom NiSource has no control; actual operating experience of NiSource's assets; the regulatory process; regulatory and legislative changes; the impact of potential new environmental laws or regulations; the results of material litigation; changes in pension funding requirements; changes in general economic, capital and commodity market conditions; and counterparty credit risk and the matters set forth in the "Risk Factors" Section in NiSource's most recent Form 10-K and subsequent reports on Form 10-Q, many of which are risks beyond the control of NiSource. In addition, the relative contributions to profitability by each segment, and the assumptions underlying the forward-looking statements relating thereto, may change over time. NiSource expressly disclaims a duty to update any of the forward-looking statements contained in this release.

NiSource Inc.
Consolidated Net Operating Earnings (Non-GAAP)
(unaudited)

<i>(in millions, except per share amounts)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Net Revenues				
Gas Distribution	\$ 426.4	\$ 395.0	\$ 1,619.7	\$ 1,286.5
Gas Transportation and Storage	390.1	366.5	968.6	835.0
Electric	401.8	383.5	847.1	760.6
Other	116.7	57.4	193.7	101.6
Gross Revenues	1,335.0	1,202.4	3,629.1	2,983.7
Cost of Sales (excluding depreciation and amortization)	371.7	349.3	1,433.0	1,025.2
Total Net Revenues	963.3	853.1	2,196.1	1,958.5
Operating Expenses				
Operation and maintenance	401.0	368.3	777.9	731.6
Operation and maintenance - trackers	132.1	84.0	256.4	175.1
Depreciation and amortization	148.4	143.2	297.1	283.2
Depreciation and amortization - trackers	0.7	0.2	0.7	3.7
Gain on sale of assets	(0.3)	—	(17.8)	—
Other taxes	58.7	57.1	129.3	119.3
Other taxes - trackers	14.7	13.6	45.2	38.1
Total Operating Expenses	755.3	666.4	1,488.8	1,351.0
Equity Earnings in Unconsolidated Affiliates	11.1	8.0	20.9	15.1
Operating Earnings	219.1	194.7	728.2	622.6
Other Income (Deductions)				
Interest expense, net	(109.1)	(102.0)	(218.2)	(200.6)
Other, net	7.5	13.3	12.0	17.4
Total Other Deductions	(101.6)	(88.7)	(206.2)	(183.2)
Operating Earnings From Continuing Operations				
Before Income Taxes	117.5	106.0	522.0	439.4
Income Taxes	39.6	33.2	185.7	151.3
Net Operating Earnings from Continuing Operations	77.9	72.8	336.3	288.1
GAAP Adjustment	0.6	(0.4)	8.6	0.3
GAAP Income from Continuing Operations	\$ 78.5	\$ 72.4	\$ 344.9	\$ 288.4
Basic Net Operating Earnings Per Share from Continuing Operations	\$ 0.25	\$ 0.23	\$ 1.07	\$ 0.92
GAAP Basic Earnings Per Share from Continuing Operations	\$ 0.25	\$ 0.23	\$ 1.10	\$ 0.92
Basic Average Common Shares Outstanding	315.0	312.2	314.6	311.7

NiSource Inc.
Segment Operating Earnings (Non-GAAP)
(unaudited)

Gas Distribution Operations <i>(in millions)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Net Revenues				
Sales revenues	\$ 619.5	\$ 574.3	\$ 2,163.4	\$ 1,718.6
Less: Cost of gas sold	257.2	239.1	1,180.2	832.9
Net Revenues	362.3	335.2	983.2	885.7
Operating Expenses				
Operation and maintenance	189.7	180.0	371.1	361.3
Operation and maintenance - trackers	17.1	17.1	64.5	54.2
Depreciation and amortization	54.1	50.1	106.3	98.6
Other taxes	24.2	22.6	53.5	48.4
Other taxes - trackers	14.7	13.6	45.2	38.1
Total Operating Expenses	299.8	283.4	640.6	600.6
Operating Earnings	\$ 62.5	\$ 51.8	\$ 342.6	\$ 285.1
GAAP Adjustment	(2.7)	(1.8)	19.0	(1.0)
GAAP Operating Income	\$ 59.8	\$ 50.0	\$ 361.6	\$ 284.1

Columbia Pipeline Group Operations <i>(in millions)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Net Revenues				
Transportation revenues	\$ 181.5	\$ 171.6	\$ 403.8	\$ 382.5
Storage revenues	49.3	48.7	99.2	99.2
Other revenues	112.7	53.5	186.1	93.5
Total Operating Revenues	343.5	273.8	689.1	575.2
Less: Cost of sales	0.1	0.1	0.2	0.2
Net Revenues	343.4	273.7	688.9	575.0
Operating Expenses				
Operation and maintenance	95.8	88.4	190.5	174.5
Operation and maintenance - trackers	109.3	61.8	180.3	108.3
Depreciation and amortization	28.8	26.5	58.5	52.2
Gain on sale of assets	(0.3)	—	(17.8)	—
Other taxes	17.2	16.2	35.7	33.0
Total Operating Expenses	250.8	192.9	447.2	368.0
Equity Earnings in Unconsolidated Affiliates	11.1	8.0	20.9	15.1
Operating Earnings	\$ 103.7	\$ 88.8	\$ 262.6	\$ 222.1
GAAP Adjustment	—	—	—	0.2
GAAP Operating Income	\$ 103.7	\$ 88.8	\$ 262.6	\$ 222.3

NiSource Inc.
Segment Operating Earnings (Non-GAAP)
(unaudited)

Electric Operations <i>(in millions)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Net Revenues				
Sales revenues	\$ 402.4	\$ 384.0	\$ 848.1	\$ 761.4
Less: Cost of sales	146.3	141.2	326.7	266.2
Net Revenues	256.1	242.8	521.4	495.2
Operating Expenses				
Operation and maintenance	116.5	103.6	223.1	204.0
Operation and maintenance - trackers	5.7	5.1	11.6	12.6
Depreciation and amortization	59.4	60.2	119.8	119.9
Depreciation and amortization - trackers	0.7	0.2	0.7	3.7
Other taxes	14.0	15.1	32.2	31.5
Total Operating Expenses	196.3	184.2	387.4	371.7
Operating Earnings	\$ 59.8	\$ 58.6	\$ 134.0	\$ 123.5
GAAP Adjustment	3.1	0.9	7.8	1.2
GAAP Operating Income	\$ 62.9	\$ 59.5	\$ 141.8	\$ 124.7

Corporate and Other Operations <i>(in millions)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Operating Loss	\$ (6.9)	\$ (4.5)	\$ (11.0)	\$ (8.1)
GAAP Adjustment	0.1	0.2	(1.7)	(0.1)
GAAP Operating Loss	\$ (6.8)	\$ (4.3)	\$ (12.7)	\$ (8.2)

NiSource Inc.
Segment Volumes and Statistical Data

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Gas Distribution Operations				
Sales and Transportation (MMDth)				
Residential	35.0	34.8	191.5	166.8
Commercial	27.4	27.0	117.5	102.3
Industrial	121.7	113.4	258.5	246.7
Off System	14.2	18.4	28.5	40.1
Other	(0.3)	0.2	(0.1)	0.4
Total	198.0	193.8	595.9	556.3
Weather Adjustment	2.3	1.6	(33.8)	0.6
Sales and Transportation Volumes - Excluding Weather	200.3	195.4	562.1	556.9

Heating Degree Days	555	563	3,992	3,482
Normal Heating Degree Days	599	599	3,491	3,491
% (Warmer) Colder than Normal	(7)%	(6)%	14%	—%

Customers				
Residential			3,051,277	3,035,524
Commercial			278,776	278,200
Industrial			7,546	7,493
Other			14	21
Total			3,337,613	3,321,238

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Columbia Pipeline Group Operations				
Throughput (MMDth)				
Columbia Transmission	194.2	196.6	653.7	632.4
Columbia Gulf	145.4	169.8	330.3	360.0
Crossroads Pipeline	3.5	3.3	9.2	8.3
Intrasegment eliminations	(21.6)	(81.4)	(83.2)	(175.3)
Total	321.5	288.3	910.0	825.4

NiSource Inc.
Segment Volumes and Statistical Data

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Electric Operations				
Sales (Gigawatt Hours)				
Residential	793.2	769.1	1,689.4	1,633.2
Commercial	964.9	942.6	1,900.4	1,863.8
Industrial	2,455.8	2,256.3	5,062.9	4,575.9
Wholesale	12.1	494.7	323.9	556.0
Other	34.9	27.0	68.3	60.2
Total	4,260.9	4,489.7	9,044.9	8,689.1
Weather Adjustment	(44.4)	(14.1)	(114.4)	(17.5)
Sales Volumes - Excluding Weather	4,216.5	4,475.6	8,930.5	8,671.6
Cooling Degree Days	276	250	276	250
Normal Cooling Degree Days	229	229	229	229
% Warmer than Normal	21%	9%	21%	9%
Electric Customers				
Residential			401,671	401,162
Commercial			54,303	54,189
Industrial			2,370	2,376
Wholesale			767	728
Other			6	6
Total			459,117	458,461

NiSource Inc.
Schedule 1 – Reconciliation of Net Operating Earnings to GAAP

<i>(in millions, except per share amounts)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Net Operating Earnings from Continuing Operations (Non-GAAP)	\$ 77.9	\$ 72.8	\$ 336.3	\$ 288.1
Items excluded from operating earnings				
Net Revenues:				
Weather - compared to normal	0.1	(1.0)	26.5	0.1
Operating Expenses:				
Gain (Loss) on sale of assets and asset impairments	0.4	0.3	(1.4)	0.2
Total items excluded from operating earnings	0.5	(0.7)	25.1	0.3
Tax effect of above items	0.1	0.3	(9.5)	—
Income taxes - Indiana rate change	—	—	(7.0)	—
Total items excluded from net operating earnings	0.6	(0.4)	8.6	0.3
Reported Income from Continuing Operations - GAAP	\$ 78.5	\$ 72.4	\$ 344.9	\$ 288.4
Basic Average Common Shares Outstanding	315.0	312.2	314.6	311.7
Basic Net Operating Earnings Per Share from Continuing Operations	\$ 0.25	\$ 0.23	\$ 1.07	\$ 0.92
Items excluded from net operating earnings (after-tax)	—	—	0.03	—
GAAP Basic Earnings Per Share from Continuing Operations	\$ 0.25	\$ 0.23	\$ 1.10	\$ 0.92

NiSource Inc.

Schedule 2 – Adjustments by Segment from Operating Earnings to GAAP
For the Quarter ended June 30,

2014 (in millions)	Gas Distribution	Columbia Pipeline Group	Electric	Corporate & Other	Total
Operating Earnings (Loss)	\$ 62.5	\$ 103.7	\$ 59.8	\$ (6.9)	\$ 219.1
Net Revenues:					
Weather - compared to normal	(2.9)	—	3.0	—	0.1
Total Impact - Net Revenues	(2.9)	—	3.0	—	0.1
Operating Expenses:					
Gain on sale of assets and asset impairments	0.2	—	0.1	0.1	0.4
Total Impact - Operating Expenses	0.2	—	0.1	0.1	0.4
Total Impact - Operating (Loss) Income	\$ (2.7)	\$ —	\$ 3.1	\$ 0.1	\$ 0.5
Operating Income (Loss) - GAAP	\$ 59.8	\$ 103.7	\$ 62.9	\$ (6.8)	\$ 219.6

2013 (in millions)	Gas Distribution	Columbia Pipeline Group	Electric	Corporate & Other	Total
Operating Earnings (Loss)	\$ 51.8	\$ 88.8	\$ 58.6	\$ (4.5)	\$ 194.7
Net Revenues:					
Weather - compared to normal	(1.9)	—	0.9	—	(1.0)
Total Impact - Net Revenues	(1.9)	—	0.9	—	(1.0)
Operating Expenses:					
Gain on sale of assets and asset impairments	0.1	—	—	0.2	0.3
Total Impact - Operating Expenses	0.1	—	—	0.2	0.3
Total Impact - Operating (Loss) Income	\$ (1.8)	\$ —	\$ 0.9	\$ 0.2	\$ (0.7)
Operating Income (Loss) - GAAP	\$ 50.0	\$ 88.8	\$ 59.5	\$ (4.3)	\$ 194.0

NiSource Inc.

Schedule 2 – Adjustments by Segment from Operating Earnings to GAAP
For the Six Months ended June 30,

2014 (in millions)	Gas Distribution	Columbia Pipeline Group	Electric	Corporate & Other	Total
Operating Earnings (Loss)	\$ 342.6	\$ 262.6	\$ 134.0	\$ (11.0)	\$ 728.2
Net Revenues:					
Weather - compared to normal	18.8	—	7.7	—	26.5
Settlement agreement	—	—	—	—	—
Total Impact - Net Revenues	18.8	—	7.7	—	26.5
Operating Expenses:					
Gain (Loss) on sale of assets and asset impairments	0.2	—	0.1	(1.7)	(1.4)
Total Impact - Operating Expenses	0.2	—	0.1	(1.7)	(1.4)
Total Impact - Operating Income (Loss)	\$ 19.0	\$ —	\$ 7.8	\$ (1.7)	\$ 25.1
Operating Income (Loss) - GAAP	\$ 361.6	\$ 262.6	\$ 141.8	\$ (12.7)	\$ 753.3

2013 (in millions)	Gas Distribution	Columbia Pipeline Group	Electric	Corporate & Other	Total
Operating Earnings (Loss)	\$ 285.1	\$ 222.1	\$ 123.5	\$ (8.1)	\$ 622.6
Net Revenues:					
Weather - compared to normal	(1.1)	—	1.2	—	0.1
Total Impact - Net Revenues	(1.1)	—	1.2	—	0.1
Operating Expenses:					
Gain (Loss) on sale of assets and asset impairments	0.1	0.2	—	(0.1)	0.2
Total Impact - Operating Expenses	0.1	0.2	—	(0.1)	0.2
Total Impact - Operating (Loss) Income	\$ (1.0)	\$ 0.2	\$ 1.2	\$ (0.1)	\$ 0.3
Operating Income (Loss) - GAAP	\$ 284.1	\$ 222.3	\$ 124.7	\$ (8.2)	\$ 622.9

NiSource Inc.
Consolidated Income Statements (GAAP)
(unaudited)

<i>(in millions, except per share amounts)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Net Revenues				
Gas Distribution	\$ 423.5	\$ 393.3	\$ 1,638.5	\$ 1,285.5
Gas Transportation and Storage	390.1	366.5	968.6	835.0
Electric	404.8	384.5	854.8	761.8
Other	116.7	57.2	193.7	101.4
Gross Revenues	1,335.1	1,201.5	3,655.6	2,983.7
Cost of Sales (excluding depreciation and amortization)	371.7	349.3	1,433.0	1,025.3
Total Net Revenues	963.4	852.2	2,222.6	1,958.4
Operating Expenses				
Operation and maintenance	533.1	452.4	1,034.3	906.7
Depreciation and amortization	149.1	143.3	297.8	286.9
Gain on sale of assets, net	(0.7)	(0.2)	(16.4)	(0.4)
Other taxes	73.4	70.7	174.5	157.4
Total Operating Expenses	754.9	666.2	1,490.2	1,350.6
Equity Earnings in Unconsolidated Affiliates	11.1	8.0	20.9	15.1
Operating Income	219.6	194.0	753.3	622.9
Other Income (Deductions)				
Interest expense, net	(109.1)	(102.0)	(218.2)	(200.6)
Other, net	7.5	13.3	12.0	17.4
Total Other Deductions	(101.6)	(88.7)	(206.2)	(183.2)
Income from Continuing Operations before Income Taxes	118.0	105.3	547.1	439.7
Income Taxes	39.5	32.9	202.2	151.3
Income from Continuing Operations	78.5	72.4	344.9	288.4
(Loss) Income from Discontinued Operations - net of taxes	(0.3)	(0.7)	(0.5)	7.4
Gain on Disposition of Discontinued Operations - net of taxes	—	—	—	36.4
Net Income	\$ 78.2	\$ 71.7	\$ 344.4	\$ 332.2
Basic Earnings Per Share				
Continuing operations	\$ 0.25	\$ 0.23	\$ 1.10	\$ 0.92
Discontinued operations	—	—	—	0.14
Basic Earnings Per Share	\$ 0.25	\$ 0.23	\$ 1.10	\$ 1.06
Diluted Earnings Per Share				
Continuing operations	\$ 0.25	\$ 0.23	\$ 1.09	\$ 0.92
Discontinued operations	—	—	—	0.14
Diluted Earnings Per Share	\$ 0.25	\$ 0.23	\$ 1.09	\$ 1.06
Dividends Declared Per Common Share	\$ 0.26	\$ 0.25	\$ 0.76	\$ 0.73
Basic Average Common Shares Outstanding	315.0	312.2	314.6	311.7
Diluted Average Common Shares	316.1	313.2	315.7	312.6

NiSource Inc.
Consolidated Balance Sheets (GAAP)
(*unaudited*)

<i>(in millions)</i>	June 30, 2014	December 31, 2013
ASSETS		
Property, Plant and Equipment		
Utility plant	\$ 24,202.6	\$ 23,303.7
Accumulated depreciation and amortization	(9,444.2)	(9,256.5)
Net utility plant	14,758.4	14,047.2
Other property, at cost, less accumulated depreciation	330.4	317.9
Net Property, Plant and Equipment	15,088.8	14,365.1
Investments and Other Assets		
Unconsolidated affiliates	437.1	373.7
Other investments	201.9	204.0
Total Investments and Other Assets	639.0	577.7
Current Assets		
Cash and cash equivalents	18.0	26.8
Restricted cash	9.8	8.0
Accounts receivable (less reserve of \$29.7 and \$23.5, respectively)	824.0	1,005.8
Gas inventory	321.6	354.6
Underrecovered gas and fuel costs	75.7	46.4
Materials and supplies, at average cost	106.0	101.2
Electric production fuel, at average cost	41.5	44.6
Price risk management assets	13.2	22.7
Exchange gas receivable	135.7	70.6
Regulatory assets	188.1	142.8
Prepayments and other	320.9	335.7
Total Current Assets	2,054.5	2,159.2
Other Assets		
Regulatory assets	1,454.1	1,522.2
Goodwill	3,666.2	3,666.2
Intangible assets	270.2	275.7
Deferred charges and other	85.0	87.8
Total Other Assets	5,475.5	5,551.9
Total Assets	\$ 23,257.8	\$ 22,653.9

NiSource Inc.
Consolidated Balance Sheets (GAAP) (continued)
(*unaudited*)

<i>(in millions, except share amounts)</i>	June 30, 2014	December 31, 2013
CAPITALIZATION AND LIABILITIES		
Capitalization		
Common Stockholders' Equity		
Common stock - \$0.01 par value, 400,000,000 shares authorized; 315,215,694 and 313,675,911 shares outstanding, respectively	\$ 3.2	\$ 3.2
Additional paid-in capital	4,734.7	4,690.1
Retained earnings	1,390.6	1,285.5
Accumulated other comprehensive loss	(41.4)	(43.6)
Treasury stock	(58.8)	(48.6)
Total Common Stockholders' Equity	6,028.3	5,886.6
Long-term debt, excluding amounts due within one year	7,640.6	7,593.2
Total Capitalization	13,668.9	13,479.8
Current Liabilities		
Current portion of long-term debt	530.0	542.1
Short-term borrowings	1,101.1	698.7
Accounts payable	459.6	619.0
Dividends payable	82.0	—
Customer deposits and credits	241.7	262.6
Taxes accrued	216.1	254.8
Interest accrued	142.0	136.4
Overrecovered gas and fuel costs	49.8	32.2
Exchange gas payable	139.2	186.4
Deferred revenue	8.7	18.5
Regulatory liabilities	88.7	60.2
Accrued liability for postretirement and postemployment benefits	6.2	6.2
Legal and environmental	18.9	32.3
Other accruals	347.4	329.0
Total Current Liabilities	3,431.4	3,178.4
Other Liabilities and Deferred Credits		
Deferred income taxes	3,471.9	3,277.8
Deferred investment tax credits	19.1	20.9
Deferred credits	103.9	91.9
Deferred revenue	20.3	17.1
Accrued liability for postretirement and postemployment benefits	466.1	527.5
Regulatory liabilities	1,673.9	1,669.8
Asset retirement obligations	178.0	174.4
Other noncurrent liabilities	224.3	216.3
Total Other Liabilities and Deferred Credits	6,157.5	5,995.7
Commitments and Contingencies		
	—	—
Total Capitalization and Liabilities	\$ 23,257.8	\$ 22,653.9

NiSource Inc.
Statements of Consolidated Cash Flows (GAAP)
(unaudited)

Six Months Ended June 30, (in millions)	2014	2013
Operating Activities		
Net Income	\$ 344.4	\$ 332.2
Adjustments to Reconcile Net Income to Net Cash from Continuing Operations:		
Depreciation and amortization	297.8	286.9
Net changes in price risk management assets and liabilities	1.4	1.3
Deferred income taxes and investment tax credits	186.8	168.6
Deferred revenue	1.6	(0.4)
Stock compensation expense and 401(k) profit sharing contribution	27.9	23.0
Gain on sale of assets	(16.4)	(0.4)
Income from unconsolidated affiliates	(20.6)	(15.2)
Gain on disposition of discontinued operations - net of taxes	—	(36.4)
Loss (Income) from discontinued operations - net of taxes	0.5	(7.4)
Amortization of debt related costs	5.1	4.6
AFUDC equity	(9.2)	(8.0)
Distributions of earnings received from equity investees	12.9	12.3
Changes in Assets and Liabilities		
Accounts receivable	176.4	194.5
Income tax receivable	1.0	124.5
Inventories	28.2	73.2
Accounts payable	(170.3)	(119.2)
Customer deposits and credits	(20.9)	(104.8)
Taxes accrued	(43.2)	(47.0)
Interest accrued	5.5	(8.5)
(Under) Overrecovered gas and fuel costs	(11.6)	86.9
Exchange gas receivable/payable	(112.3)	(49.6)
Other accruals	(47.6)	(33.3)
Prepayments and other current assets	43.0	36.2
Regulatory assets/liabilities	14.8	40.9
Postretirement and postemployment benefits	(61.8)	(79.3)
Deferred credits	11.1	9.5
Deferred charges and other noncurrent assets	(0.3)	5.2
Other noncurrent liabilities	7.8	(9.4)
Net Operating Activities from Continuing Operations	652.0	880.9
Net Operating Activities (used for) from Discontinued Operations	(1.0)	13.6
Net Cash Flows from Operating Activities	651.0	894.5
Investing Activities		
Capital expenditures	(852.9)	(801.7)
Insurance recoveries	6.8	—
Proceeds from disposition of assets	6.2	0.7
Restricted cash (deposits) withdrawals	(1.8)	17.4
Contributions to equity investees	(54.8)	(32.7)
Other investing activities	(1.1)	(23.6)
Net Investing Activities used for Continuing Operations	(897.6)	(839.9)
Net Investing Activities from Discontinued Operations	—	121.8
Net Cash Flows used for Investing Activities	(897.6)	(718.1)
Financing Activities		
Issuance of long-term debt	—	815.3

Repayments of long-term debt and capital lease obligations	(13.3)	(451.0)
Change in short-term borrowings, net	402.4	(399.2)
Issuance of common stock	16.1	24.1
Acquisition of treasury stock	(10.2)	(7.9)
Dividends paid - common stock	(157.2)	(149.5)
Net Cash Flows from (used for) Financing Activities	237.8	(168.2)
Change in cash and cash equivalents used for continuing operations	(7.8)	(127.2)
Cash contributions (to) from discontinued operations	(1.0)	135.4
Cash and cash equivalents at beginning of period	26.8	36.3
Cash and Cash Equivalents at End of Period	\$ 18.0	\$ 44.5

NISOURCE INC/DE

FORM 8-K (Current report filing)

Filed 08/25/14 for the Period Ending 08/20/14

Address	801 EAST 86TH AVE MERRILLVILLE, IN 46410-6272
Telephone	2196475200
CIK	0001111711
Symbol	NI
Fiscal Year	12/31

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 8-K

CURRENT REPORT

**Pursuant To Section 13 OR 15(d) of The
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): August 20, 2014

NiSource Inc.

(Exact name of registrant as specified in its charter)

Delaware

**(State or other jurisdiction
of incorporation or organization)**

001-16189

**Commission
file number**

35-2108964

**(I.R.S. Employer
Identification No.)**

**801 East 86th Avenue
Merrillville, Indiana**

(Address of principal executive offices)

46410

(Zip Code)

Registrant's telephone number, including area code (877) 647-5990

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions.

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2 (b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4 (c))

ITEM 1.01. ENTRY INTO A MATERIAL DEFINITIVE AGREEMENT

On August 20, 2014, NiSource Finance Corp. (“NiSource Finance”), as borrower, and NiSource Inc. (the “Company”), as guarantor, entered into a \$750 million Term Loan Agreement (the “Agreement”) with the lenders party thereto, CoBank ACB, as Syndication Agent, and JPMorgan Chase Bank, N.A., as Administrative Agent, and J.P. Morgan Securities LLC and CoBank, ACB, as Joint Lead Arrangers and Joint Bookrunners. NiSource Finance borrowed the full \$750 million on August 20, 2014. The term loan matures August 18, 2017 and bears interest at the option of the Company at:

- a rate equal to (A) the Alternate Base Rate (which is a floating rate equal to the highest of (i) the prime rate of interest announced by the Administrative Agent from time to time, (ii) the Federal Funds Effective Rate in effect from time to time + 0.50% and (iii) one-month LIBO rate + 1.0%) plus (B) an applicable margin (which applicable margin is currently 0 basis points), or
- a rate equal to (A) the 1, 2, 3 or 6-month LIBO rate plus (B) an applicable margin (which applicable margin is currently 100 basis points).

The Agreement includes one financial covenant, a maximum debt-to-capitalization covenant set at 70%, which is consistent with NiSource Finance’s existing \$2 billion Amended and Restated Revolving Credit Agreement and \$325 million Amended and Restated Credit Agreement.

ITEM 2.03. CREATION OF A DIRECT FINANCIAL OBLIGATION OR AN OBLIGATION UNDER AN OFF-BALANCE SHEET ARRANGEMENT OF A REGISTRANT

The information set forth under Item 1.01 of this Current Report on Form 8-K is incorporated by reference herein.

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 hereunto duly authorized.

NiSource Inc.

(Registrant)

Date: August 25, 2014

By:

/s/ David J. Vajda

David J. Vajda

Vice President, Treasurer and Chief Risk Officer

NISOURCE INC/DE

FORM 8-K (Current report filing)

Filed 09/29/14 for the Period Ending 09/28/14

Address	801 EAST 86TH AVE MERRILLVILLE, IN 46410-6272
Telephone	2196475200
CIK	0001111711
Symbol	NI
Fiscal Year	12/31

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant To Section 13 OR 15(d)
of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): September 28, 2014

NiSource Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation or organization)

001-16189
Commission
file number

35-2108964
(I.R.S. Employer
Identification No.)

801 East 86th Avenue
Merrillville, Indiana
(Address of principal executive offices)

46410
(Zip Code)

Registrant's telephone number, including area code (877) 647-5990

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions.

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2 (b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4 (c))
-
-

Item 7.01 Regulation FD Disclosure.

On September 28, 2014, NiSource Inc. (“*NiSource*”) issued a press release announcing that its board of directors has approved in principle plans to separate its natural gas pipeline and related businesses into a stand-alone publicly traded company (the “*Separation*”). The press release is furnished as Exhibit 99.1 to this report and is incorporated herein by reference.

NiSource is hosting an Investor Day in New York City today, September 29, 2014, beginning at 8:30 a.m. EDT and concluding at 12:00 p.m. EDT during which NiSource’s executive management will provide a general business update and discuss the Separation. A copy of the Investor Day slide presentation is furnished as Exhibit 99.2 to this report and is incorporated herein by reference. The Investor Day presentation will be available via live webcast and archived for future viewing through a link on NiSource’s website, www.nisource.com.

Item 9.01 Financial Statements and Exhibits.

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press Release issued on September 28, 2014
99.2	Slide Presentation of NiSource Inc. dated September 29, 2014

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 hereunto duly authorized.

September 29, 2014

NISOURCE INC.

By: /s/ Robert E. Smith
Robert E. Smith
Vice President and Corporate Secretary

EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press Release issued on September 28, 2014
99.2	Slide Presentation of NiSource Inc. dated September 29, 2014

NEWS



801 E. 86th Avenue
Merrillville, IN 46410

FOR IMMEDIATE RELEASE

September 28, 2014

FOR ADDITIONAL INFORMATION

Media

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Investors

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Vice President, Investor Relations
(219) 647-5688
rghulen@nisource.com

NiSource Announces Plan to Separate Into Two Publicly Traded Companies

- Separation would result in two highly focused, premier energy infrastructure companies: a fully regulated natural gas and electric utilities company (NiSource), and a pure-play natural gas pipeline, midstream and storage company (Columbia Pipeline Group)
- Following the separation, both companies – NiSource and Columbia Pipeline Group – are expected to be investment grade, well-capitalized companies; with strategic clarity, robust long-term growth profiles and the ability to fund significant infrastructure project inventories
- Separation not expected to impact employment levels or commitments to communities; current headquarters and office locations to remain in place
- Separation expected to be tax-free and value-accretive for shareholders

Merrillville, Ind. — NiSource Inc. (NYSE: NI) today announced that its Board of Directors has approved in principle plans to separate its natural gas pipeline and related businesses into a stand-alone publicly traded company. The transaction will result in two highly focused energy infrastructure companies: NiSource Inc., a fully regulated natural gas and electric utilities company, and Columbia Pipeline Group Inc. (CPG), a pure-play natural gas pipeline, midstream and storage company. The separation is expected to occur in mid-2015.

“Separating our regulated utilities and pipeline businesses is a significant and logical step in our proven long-term strategy that has delivered substantial value to investors and enhanced service for our customers,” NiSource President and CEO **Robert C. Skaggs Jr.** said. “As independent, highly focused, premier entities, both companies will benefit from the size and scale of their distinct assets and customer bases, will have enhanced strategic clarity and focus, and will be well capitalized, all enhancing their ability to successfully execute on their robust, long-term investment plans.

“By creating two dynamic companies that can execute on their distinct business strategies, we expect to further sharpen each company’s customer service focus, maintain strong levels of local employment and community involvement, thereby further positioning us to create immediate and long-term value for our shareholders,” said Skaggs.

Under the separation plan, NiSource shareholders would retain their current shares of NiSource stock and receive a pro-rata dividend of shares of CPG stock in a transaction that is expected to be tax-free to NiSource and its shareholders. The actual number of CPG shares that would be distributed to NiSource shareholders will be determined prior to closing, which is expected to take place in mid-2015.

Columbia Pipeline Group to feature strategic assets, \$12-15 billion investment opportunity

CPG, which is expected to be listed on the New York Stock Exchange (NYSE: COLP), will include Columbia Gas Transmission, Columbia Gulf Transmission, NiSource Midstream Services, and other current NiSource natural gas pipeline, storage and midstream holdings. In total, at separation the new public company will operate more than 15,000 miles of natural gas transmission pipelines, nearly 300 billion cubic feet of underground natural gas storage capacity, and a growing portfolio of midstream and related facilities.

The CPG system provides access to energy markets from the U.S. Southeast through the Northeast, as well as strategic asset positions throughout the Marcellus and Utica Shale production regions. The company has leveraged these assets to develop a deep inventory of supply- and market-driven growth projects, many of which are in advanced stages of development. These projects, when paired with the company's long-term system modernization program, represent a potential capital investment opportunity of \$12-15 billion over the next 10 years, positioning the company to provide enhanced earnings and dividend growth driven by its projected net investment growth.

"As an independent company, CPG will be well-positioned to execute on a significant number of value-creating growth opportunities resulting from the expansion of natural gas drilling in its geographic territories, its landmark system modernization program as well as increased demand associated with liquefied natural gas exports and gas-fired electric generation – all of which is expected to benefit our customers, investors and other key stakeholders," Skaggs said. "We are committed to unlocking significant value and enabling even greater investment to fuel growth in the CPG business that would not have been possible without the CPG separation and associated MLP."

CPG financing expected to include capital raised by Master Limited Partnership

CPG anticipates that it will finance its capital investment plan through a combination of debt and equity. That financing is also expected to include capital raised by CPG's Master Limited Partnership, the proposed initial public offering of which was announced in a separate news release issued today.

NiSource to remain one of nation's largest natural gas and electric utility companies

Upon completion of the planned separation, NiSource will remain one of the largest natural gas utility companies in the United States, serving more than 3.4 million customers in seven states under the Columbia Gas and NIPSCO brands. The company also will continue to provide electric distribution, generation and transmission services for approximately 450,000 NIPSCO electric customers in northern Indiana. The company will continue to be listed on the New York Stock Exchange (NYSE: NI).

NiSource is expected to be well-positioned to provide stable long-term earnings and dividend growth of 4-6 percent annually following the planned separation. The company's growth profile is supported by stable revenue streams, contemporary rate designs and an inventory of approximately \$30 billion in infrastructure investment opportunities spanning the next 20-plus years.

"As a pure-play utilities company, we expect NiSource will continue to be well capitalized, with significant customer and rate base scale, and a deep inventory of infrastructure investment opportunities," Skaggs said. "The company's strong foundation, supported by a proven track record of execution on core system enhancement, regulatory and legislative programs, should enable NiSource to continue delivering safe, reliable and efficient service to its customers, as well as sustainable growing value to shareholders."

Benefits of the transaction

Upon completion, the separation is expected to result in two well capitalized, premier energy infrastructure companies, with benefits for both companies' stakeholders, having the following anticipated strategic and financial attributes from and as of the date of separation:

<u>NiSource</u>		<u>Columbia Pipeline Group</u>
Pure-play, 100 percent regulated utilities company	Fit and Clarity	Pure-play natural gas pipeline, midstream and storage business with an MLP
Sharpened management focus on distinct strategic goals	Strategic Focus	Sharpened management focus on distinct strategic goals
\$30+ billion over 20-plus years	Long-Term Investment Opportunities	\$12-15 billion over 10 years
~\$1.2 billion/year	Annual Capital Investments	~\$1+ billion/year
Averaging 4-6%/year	Earnings and Dividend Growth	Expected to be driven by net investment growth
Expected to maintain investment grade with strong liquidity	Credit Ratings	Expected to maintain investment grade with strong liquidity
Appeals to investors seeking stable earnings and dividend growth in line with a pure-play regulated utilities company	Investor Alignment	Appeals to investors seeking earnings and dividend growth in line with a pure-play natural gas pipeline, midstream and storage business
Ability to effectively benchmark performance against its utility peers	Transparency	Ability to effectively benchmark performance against pipeline peers
No planned or expected layoffs, maintaining work locations and community support	Community/Employee Commitments	No planned or expected layoffs, maintaining work locations and community support

Continued common stock dividend growth

Following the planned separation, current NiSource shareholders who retain their NiSource and CPG shares are expected to receive separate common stock cash dividends from NiSource and CPG. Together, those dividends are expected to be maintained in total upon separation and grow thereafter.

Following the planned separation, CPG expects to establish a common stock dividend target driven by its projected net investment growth. NiSource expects to continue a dividend payout ratio that is competitive with its utility peers, with an initial anticipated average annual growth rate of about 4-6 percent, in line with expected earnings growth.

Financing and capital structure

Prior to the separation, NiSource plans to reduce its net debt with the proceeds from a one-time cash distribution from CPG. CPG plans to fund this payment to NiSource by issuing its own long-term debt.

Both NiSource and CPG are anticipated to have capital structures, balance sheets and financial policies consistent with investment-grade credit metrics.

Experienced, proven leadership, maintaining commitments to employees and communities

As part of the transition process, the NiSource Board of Directors plans to formally name CEOs for both publicly traded companies by the end of 2014, with executive teams to follow.

NiSource does not expect the separation to result in job reductions among its current workforce of approximately 8,800 employees. The company also does not anticipate any significant changes to the compensation or benefits offered to employees or retirees, and will honor all existing labor agreements.

NiSource will continue to be headquartered in Merrillville, Indiana, and CPG will be headquartered in Houston, Texas. Both NiSource and CPG are committed to maintaining current levels of community involvement, charitable giving and economic development support following the separation.

As part of the separation, CPG is expected to enter into a transition services agreement with NiSource for a limited period of time to facilitate the transition of certain services until permanent services are in place at CPG.

Conditions of the separation

The separation is subject to various conditions, including, among others, NiSource receiving a favorable legal opinion on the tax-free nature of the distribution and final NiSource board approval. NiSource shareholder approval of the transaction is not required. There is no assurance that the transaction will be completed in mid-2015 or at all.

Advisors

Lazard is acting as lead financial advisor, and Sidley Austin LLP is serving as legal advisor, to NiSource on the transaction. Barclays and Citigroup are also acting as financial advisors to NiSource.

Investor meeting and webcast tomorrow

NiSource's executive management will discuss the planned separation during an investor meeting and webcast to be conducted tomorrow, September 29, 2014, at 8.30 a.m. Eastern Time (7.30 a.m. Central Time). The conference will be carried live on www.nisource.com. Additionally, the company will post the investor presentation on its website tomorrow at approximately 7.00 a.m. Eastern Time (6.00 a.m. Central Time).

For those unable to participate in the live webcast, a replay will be available on NiSource's website, www.nisource.com.

About NiSource

NiSource Inc. (NYSE: NI), based in Merrillville, Ind., is a Fortune 500 company engaged in natural gas transmission, storage and distribution, as well as electric generation, transmission and distribution. NiSource operating companies deliver energy to 3.8 million customers located within the high-demand energy corridor stretching from the Gulf Coast through the Midwest to New England. Information about NiSource and its subsidiaries is available at www.nisource.com. NI-F

Forward-Looking Statements

This news release contains forward-looking statements within the meaning of federal securities laws. These forward-looking statements are subject to various risks and uncertainties. Examples of forward-looking statements in this release include statements and expectations regarding future dividends, earnings growth, capital investments, financing needs and plans, credit ratings and investment opportunities. Factors that could cause actual results to differ materially from the projections, forecasts, estimates and expectations discussed in this release include, among other things, the timing to consummate the transactions described herein; the risk that a condition to consummation is not satisfied; disruption to operations as a result of the proposed transactions; the inability of one or more of the businesses to operate independently following the completion of the proposed transactions; weather; fluctuations in supply and demand for energy commodities; growth opportunities for NiSource's businesses; increased competition in deregulated energy markets; the success of regulatory and commercial initiatives; dealings with third parties over whom NiSource has no control; actual operating experience of NiSource's assets; the regulatory process; regulatory and legislative changes; changes in general economic, capital and commodity market conditions; and counter-party credit risk, and the matters set forth in the "Risk Factors" section in NiSource's 2013 Form 10-K and subsequent NiSource filings

of Form 10-Q, many of which are beyond the control of NiSource. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this news release. Future earnings and other financial projections are illustrative only and do not constitute guidance by the Company. NiSource expressly disclaims a duty to update any of the forward-looking statements contained in this release.

The potential distribution of CPG shares is subject to the satisfaction of a number of conditions, including the final approval of NiSource's Board of Directors. There is no assurance that such distribution will in fact occur.

Creating Two Premier Energy Infrastructure Companies

NiSource Inc.
Investor Day

Millennium Broadway
New York, NY | 09.29.14

The NiSource logo is located in the bottom right corner of the slide. It features the word "NiSource" in a bold, sans-serif font, with a registered trademark symbol (®) to the upper right of the word. The background of the slide is a photograph of industrial machinery, specifically a large valve or wellhead, against a clear blue sky. The machinery is metallic and has various pipes and components attached to it.

Forward Looking Statements

This presentation contains forward-looking statements within the meaning of federal securities laws. These forward-looking statements are subject to various risks and uncertainties. Examples of forward-looking statements in this presentation include statements and expectations regarding future dividends, operating earnings growth, EBITDA growth, earnings per share growth, capital investments, net investment/rate base growth, financing needs and plans, and investment opportunities. Factors that could cause actual results to differ materially from the projections, forecasts, estimates and expectations discussed in these presentations include, among other things, the timing to consummate the transactions described herein; the risk that a condition to consummation is not satisfied; disruption to operations as a result of the proposed transactions; the inability of one or more of the businesses to operate independently following the completion of the proposed transactions; weather; fluctuations in supply and demand for energy commodities; growth opportunities for NiSource's businesses; increased competition in deregulated energy markets; the success of regulatory and commercial initiatives; dealings with third parties over whom NiSource has no control; actual operating experience of NiSource's assets; the regulatory process; regulatory and legislative changes; changes in general economic, capital and commodity market conditions; and counter-party credit risk, and the matters described in the "Risk Factors" section of the Form S-1 filed by Columbia Pipeline Partners LP and the matters described in the "Risk Factors" section in NiSource's 2013 Form 10-K, and subsequent NiSource filings on Form 10-Q, many of which are beyond the control of NiSource. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this presentation. Future earnings and other financial projections are illustrative only and do not constitute guidance by the Company. NiSource expressly disclaims a duty to update any of the forward-looking statements contained in these presentations.

The potential distribution of CPG shares is subject to the satisfaction of a number of conditions, including the final approval of NiSource's Board of Directors. There is no assurance that such distribution will in fact occur.

Speaker Bios



Bob Skaggs

*President &
Chief Executive Officer*

Bob is President and Chief Executive Officer of NiSource Inc. He is responsible for the strategic direction of the company, as well as for overseeing its day-to-day operations. Bob was named President in October 2004 and added the CEO responsibilities effective July 2005.

He earned a bachelor's degree in economics from Davidson College, a law degree from West Virginia University and a master's degree in business administration from Tulane University.



Steve Smith

*Executive VP &
Chief Financial Officer*

Steve is Executive Vice President and Chief Financial Officer of NiSource Inc. He is responsible for the company's corporate finance functions, information technology, supply chain services, and real estate and facilities management.

He earned a bachelor's degree in petroleum engineering from the Colorado School of Mines and a master's degree in business administration from the University of Chicago Graduate School of Business.



Joe Hamrock

*Executive VP & Group CEO,
NiSource Gas Distribution*

Joe oversees NiSource's gas distribution companies in Kentucky, Maryland, Massachusetts, Ohio, Pennsylvania and Virginia. He joined NiSource in May 2012.

He earned a bachelor's degree in electrical engineering from Youngstown State University and a master's degree in business administration from the Massachusetts Institute of Technology in Cambridge, where he was a Sloan fellow.



Jim Stanley

*Executive VP & Group CEO,
NIPSCO*

Jim oversees NiSource's Indiana gas and electric utility, including all regulatory, operations and project management. He joined NiSource in October 2012.

He earned his bachelor's degree in accounting from Ball State University.

Speaker Bios



Glen Kettering

*Executive VP & Group CEO,
Columbia Pipeline Group*
Glen oversees all regulatory, commercial, operations and capital investment programs at Columbia Pipeline Group.

He earned a bachelor's degree in business administration from West Virginia University and a law degree from the West Virginia University College of Law



Stan Chapman III

*Chief Commercial Officer,
Columbia Pipeline Group*
Stan is responsible for all of Columbia Pipeline Group's regulated commercial operations, which includes marketing, business development, gas control, customer service, rates and regulatory affairs.

He earned a bachelor's degree in economics from Texas A&M University and a master's degree in business administration from the University of St. Thomas.



Brett Stovern

*Chief Operating Officer,
Midstream Services*
Brett is responsible for all Columbia Pipeline Group's midstream and minerals activities. Prior to his role, he served as Chief Financial Officer for Columbia Pipeline Group.

He earned his bachelor's degree in accounting from California State Polytechnic University and is a Certified Public Accountant.



Shawn Patterson

*President, Operations & Project
Delivery, Columbia Pipeline Group*
Shawn is responsible for operations, engineering and project management across Columbia Pipeline Group. He also oversees the execution of CPG's modernization and growth programs.

He earned a bachelor's degree in civil engineering from Rose-Hulman Institute of Technology and a master's degree in business administration from University of Notre Dame.

Today's Agenda

NiSource Investor Day 2014

8:00 – 8:30 AM	Registration and Welcome	
8:30 – 9:30 AM	Separation Overview	Bob Skaggs, Steve Smith
9:30 – 9:45 AM	Break	
9:45 – 10:30 AM	NiSource Utility Company	Jim Stanley, Joe Hamrock
10:30 – 11:30 AM	Columbia Pipeline Group	Glen Kettering, CPG Leadership
11:30 AM – 12:00 PM	Financial Profile	Steve Smith
12:00 – 12:30 PM	Q&A	Team
12:30 – 12:35 PM	Closing Remarks	Bob Skaggs

Separation Overview

Bob Skaggs
President & Chief Executive Officer



Strategic Separation Expected to Deliver Significant Value

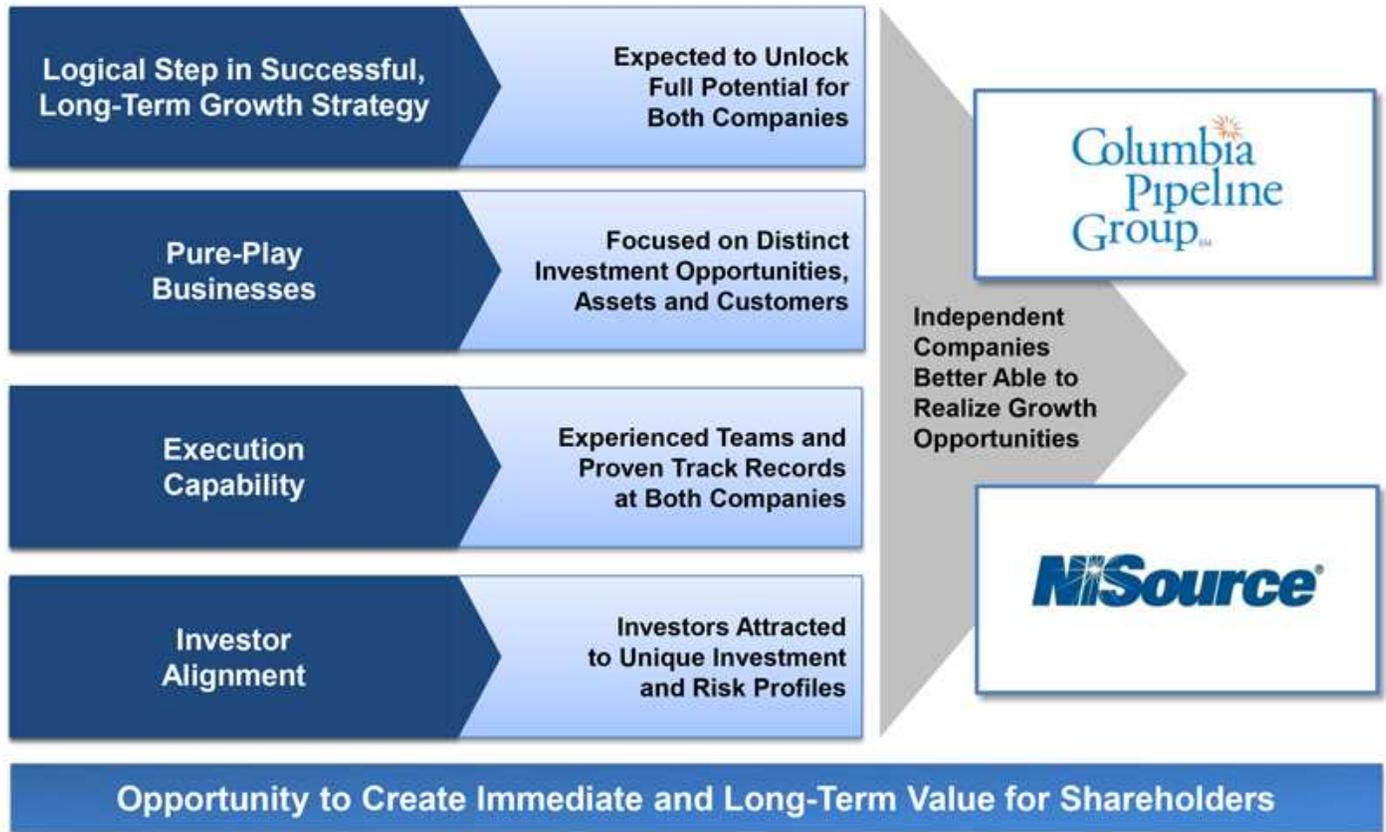
Plan to Separate Columbia Pipeline Group Into a Stand-Alone, Publicly Traded Company

- ✓ **Creates two pure-play, premier energy infrastructure companies**
- ✓ **Enhances overall long-term earnings and dividend growth potential**
- ✓ **Provides strategic clarity, significant scale, unique assets and customer bases**
- ✓ **Permits disciplined execution of two distinct, growth investment strategies**
- ✓ **Results in two well-capitalized entities, expected to maintain investment-grade ratings**

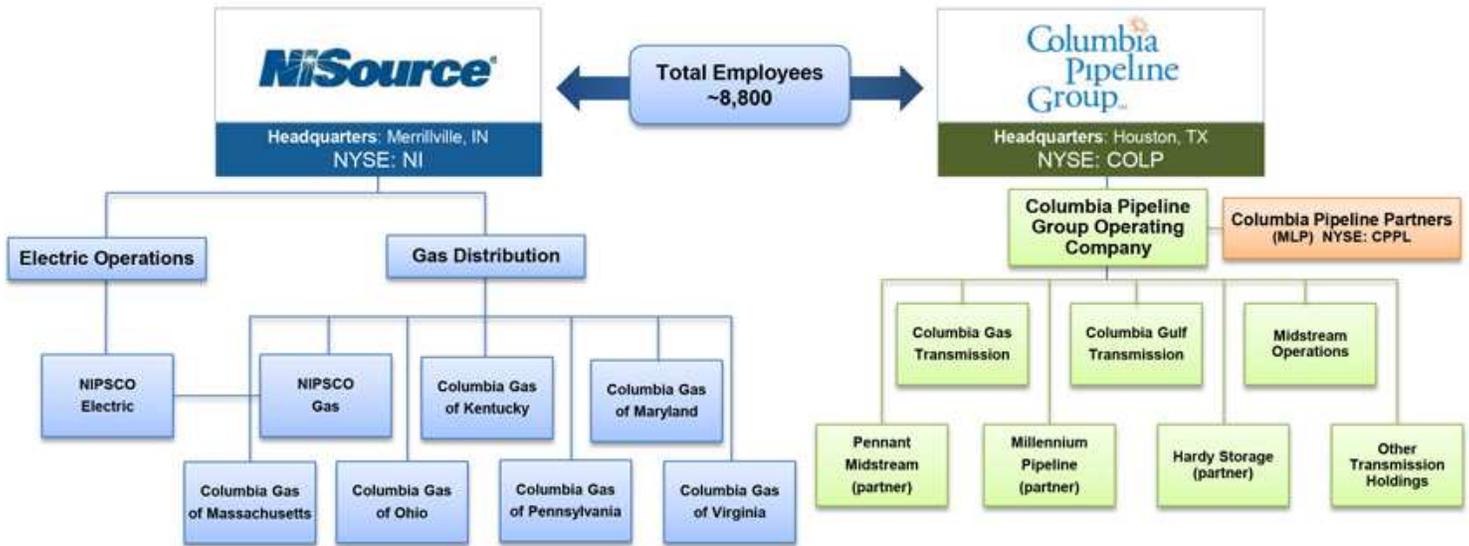
Opportunity to Create Immediate and Long-Term Value for Shareholders



Creating Two Premier Energy Infrastructure Companies



Separation Snapshot



Maintaining Commitments to Customers, Employees and Communities



Creating Two Premier Energy Infrastructure Companies



- **Pure-Play Natural Gas & Electric Utilities**
- Proven operators, focused on safety, reliability and customer service
- Significant long-term infrastructure investment opportunity expected to sustain strong earnings and dividend growth
- Constructive regulatory policies and stakeholder support across jurisdictions
- Expected to maintain investment-grade credit rating



- **Pure-Play Pipeline, Midstream & Storage Company**
- Significant scale and footprint in Marcellus/Utica, Midwest, Mid-Atlantic and Gulf Coast markets
- Significant modernization and organic growth opportunities expected to support robust EBITDA and dividend growth
- Expected to maintain investment-grade credit rating
- MLP expected to provide access to capital to fund CapEx needs

**Two Well-Capitalized Energy Infrastructure Companies
With Compelling Investment Propositions**



Two Premier Pure-Play Companies With Significant Scale

NiSource

**Columbia
Pipeline
Group**

~4M Gas/Electric Distribution	Customers	LDCs, Producers, Marketers, Electric Generators and Other Large End Users
~58K Miles Distribution Pipe 3,300 MW Generation ~2,800 Circuit Miles Transmission	Operations	~15K Miles of Transmission ~1.3 Tcf of Throughput Per Year 35 Storage Fields, ~300 Bcf Working Capacity
~\$7.4B; Expected to Grow on Average by ~8% per year	Rate Base*/Net Investment Growth	~\$4B; Expected to Grow to ~\$12.5B+ by 2020
~\$30B Over 20+ Years	Investment Opportunity	\$12-15B Over Next 10 Years
7 States	Footprint	Marcellus, Utica; Midwest, Mid-Atlantic and Gulf Coast Markets

Significant Growth Potential With Stable Financial Profiles

*As of 12/31/2013

NiSource

Financial Overview of Separation

Steve Smith
Chief Financial Officer

The NiSource logo is located in the bottom right corner of the slide. It features the word "NiSource" in a bold, white, sans-serif font, with a registered trademark symbol (®) to the upper right of the word. The logo is set against a dark blue background that is part of the overall image.

Two Premier Companies with Significant Growth Potential



Pure-Play Natural Gas & Electric Utilities Company	Strategic Focus & Clarity	Pure-play Pipeline, Midstream & Storage Company
Utility System Modernization & Organic Growth (~\$30B Over 20+ Years; ~75% Revenue-Producing)	Long-Term Investment Opportunity	Pipeline/Midstream Growth & Modernization (\$12-15B Over Next 10 Years; ~90% Fixed Fee)
~\$7.4B; Expected to Grow on Average by ~8% Per Year	Rate Base*/Net Investment Growth	~\$4B; Expected to Grow to ~\$12.5B by 2020
Expected Net Earnings Growth 4-6% Per Year	Long-Term Growth	Expected EBITDA Growth Driven By Net Investment Growth
Expected to Average 4-6% Per Year	Long-Term Dividend Growth	Expected to be Driven By Net Investment Growth
Expected to Maintain Investment-Grade Credit Rating with Strong Liquidity	Investment-Grade Credit	Expected to Maintain Investment-Grade Credit Rating with Strong Liquidity

Strong Financial Profiles, Compelling Investment Opportunities

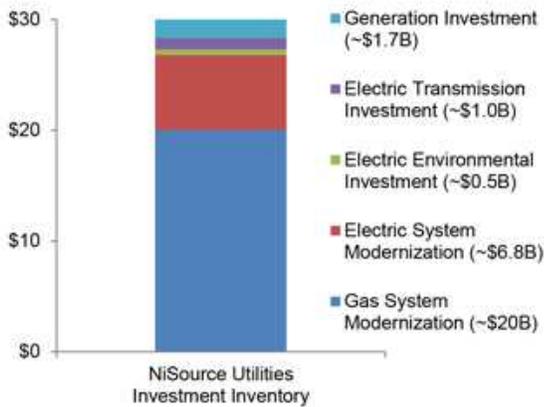
*As of 12/31/2013



Significant Inventory of Projected Growth & Modernization Projects

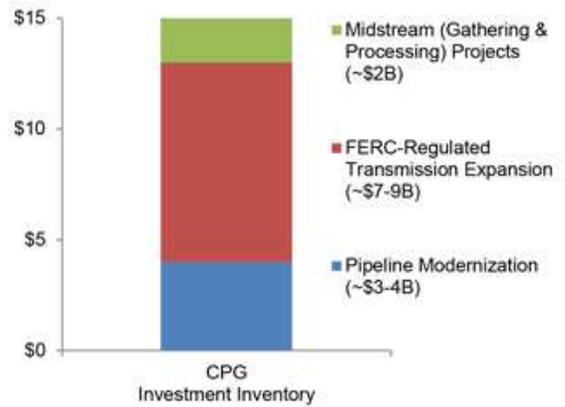
NiSource

~\$30B of expected infrastructure investment opportunities over next 20+ years should provide visible organic growth



Columbia Pipeline Group

\$12-15B of expected infrastructure investment opportunities over next 10 years should provide sustainable growth



Long-Term Investments Drive Growth for Each Company



Establishing Columbia Pipeline Group (CPG)

MLP
1Q/2015

Columbia Pipeline Partners (NYSE: CPPL)

- Forming MLP
- MLP will be primary funding source for CPG growth capital
- Expected IPO during 1Q 2015

Separation
Mid-2015

Debt Recapitalization (~\$3B)

- NiSource Utility Company plans to reduce its net debt prior to separation
- CPG plans to fund a one-time cash distribution to NiSource by issuing its own long-term debt
- NiSource Utility Company debt financing will remain at NiSource Finance Corp.

Anticipated Tax-Free Separation for NiSource and Shareholders

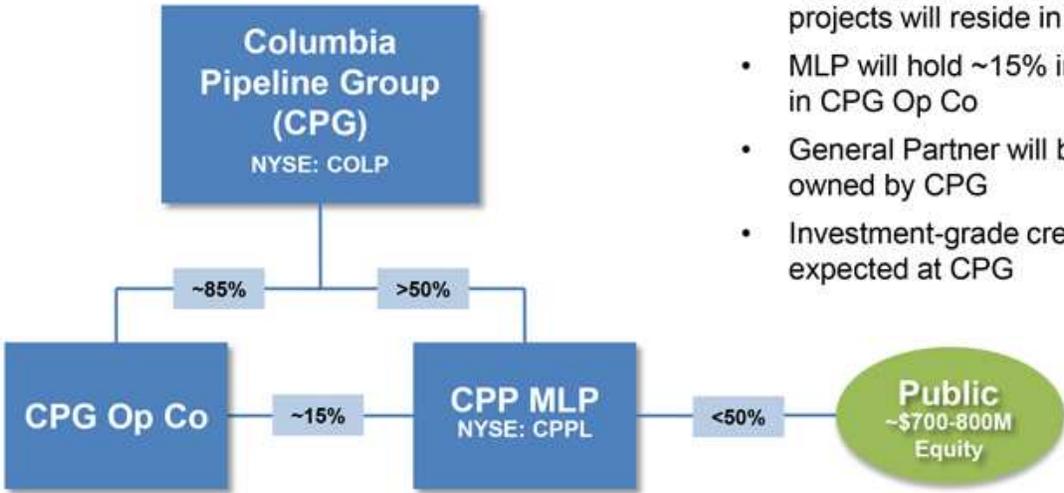
- NiSource shareholders would receive a pro-rata dividend of shares of CPG (NYSE: COLP)
- Dividend expected to be maintained in total at separation and grow thereafter

Two Well-Capitalized Companies, Poised to Deliver Enhanced Long-Term Value



Transparent Approach to Future CPG Funding

Columbia Pipeline Partners (CPPL) S-1 Filed September 29, 2014



- ~100% of CPG assets and growth projects will reside in CPG Op Co
- MLP will hold ~15% initial interest in CPG Op Co
- General Partner will be 100% owned by CPG
- Investment-grade credit rating expected at CPG

MLP Formed Prior To CPG Separation



Separation Timeline

	3Q 2014	4Q 2014	1Q 2015	2Q 2015	3Q 2015
MLP					
• S-1 Filed	▲				
• Anticipated IPO			■		
Debt Recapitalization					
• NiSource Debt Reduction (Term Loans, Short-Term Debt, Tender Offer)			■		
• Columbia Pipeline Group Debt Issuance				■	
Separation (Expected Mid-2015)					
• Form 10 Filing/Path to Separation			■	▨	
• Expected tax-free dividend of CPG shares to NI shareholders					■

Straightforward Approach to Delivering Enhanced Value



Summary: Creating Two Premier Energy Infrastructure Companies

Two Companies Positioned to Realize Enhanced Growth Opportunities



NiSource

Expected to Unlock Full Potential for Both Companies

Focused on Distinct Investment Opportunities, Assets and Customers

Experienced Teams, Proven Track Records

Unique Investment and Risk Profiles

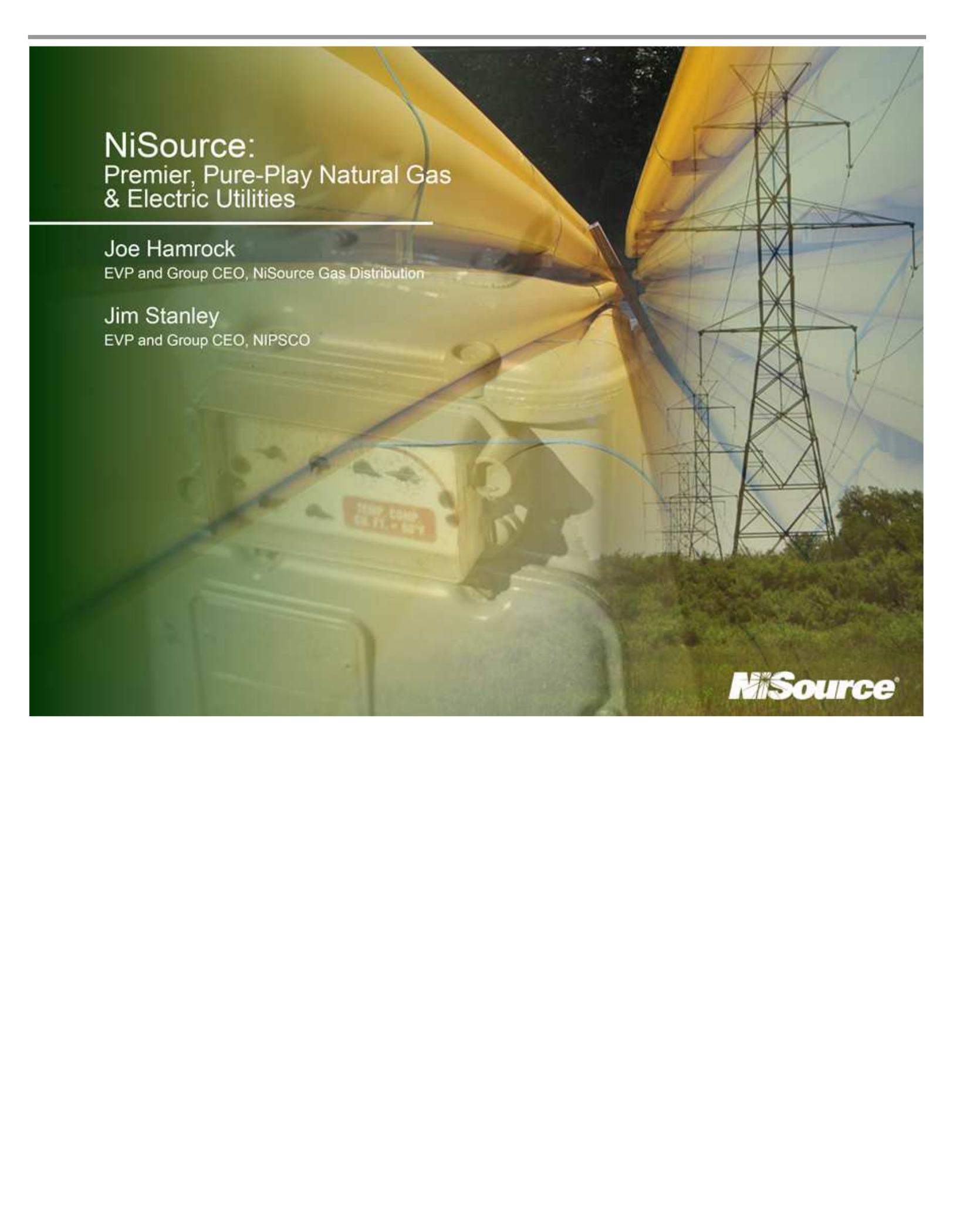


Columbia Pipeline Group

Opportunity to Create Immediate and Long-Term Value for Shareholders



NiSource



NiSource: Premier, Pure-Play Natural Gas & Electric Utilities

Joe Hamrock

EVP and Group CEO, NiSource Gas Distribution

Jim Stanley

EVP and Group CEO, NIPSCO

NiSource

NiSource: Premier, Pure-Play Natural Gas & Electric Utilities

- ✓ Industry-leading regulated natural gas and electric utilities company
- ✓ Expected to maintain investment-grade credit rating
- ✓ ~\$30B infrastructure investment inventory – driving earnings and dividend growth
- ✓ ~75% of CapEx expected to be revenue-producing
- ✓ Complementary customer programs, rate structures and tracker mechanisms established in all jurisdictions
- ✓ Proven performance in providing safe, reliable, affordable service

100 Percent Regulated + Significant Scale Supports Long-Term Growth



NiSource: 100% Regulated Natural Gas & Electric Utilities



NIPSCO

- Indiana Natural Gas Distribution
- Indiana Electric Generation, Transmission & Distribution



Columbia Gas

Gas Distribution Companies

- Kentucky
- Maryland
- Massachusetts
- Ohio
- Pennsylvania
- Virginia

- Large Scale Footprint Across 7 States
- ~3.5M Gas LDC Customers
- ~500K Electric Customers
- Strong Performance and Execution Track Record
- Extensive System Modernization and Organic Growth Inventory
- Constructive Regulatory Environments
- Strong Customer Service

A Strong, Well Established Platform for Growth

NiSource

NiSource Natural Gas & Electric Utilities: Significant Size and Scale

NIPSCO Electric

- Fully Integrated Electric Utility in Indiana
- ~500,000 Customers
- 3,300 MW of Environmentally Compliant Generation
- Rate Base ~\$3.0B

Columbia Gas of Ohio

- ~1.4 Million Customers
- ~20,000 Miles of Pipe
- Rate Base ~\$1.4B

Columbia Gas of Massachusetts

- ~300,000 Customers
- ~4,800 Miles of Pipe
- Rate Base ~\$500M

NIPSCO Gas

- ~800,000 Customers
- ~17,000 Miles of Pipe
- Fair Value Rate Base ~\$800M

Columbia Gas of Pennsylvania

- ~400,000 Customers
- ~7,400 Miles of Pipe
- Rate Base ~\$950M

Columbia Gas of Kentucky

- ~140,000 Customers
- ~2,600 Miles of Pipe
- Rate Base ~\$200M

Columbia Gas of Virginia

- ~250,000 Customers
- ~5,000 Miles of Pipe
- Rate Base ~\$500M

Columbia Gas of Maryland

- Complementary to PA Operations
- ~33,000 Customers
- ~750 Miles of Pipe
- Rate Base ~\$60M

Growing Rate Base, Earning Allowed Returns

*Rate Base as of 12/31/2013

NiSource

NiSource Natural Gas & Electric Utilities: Strong Execution Track Record

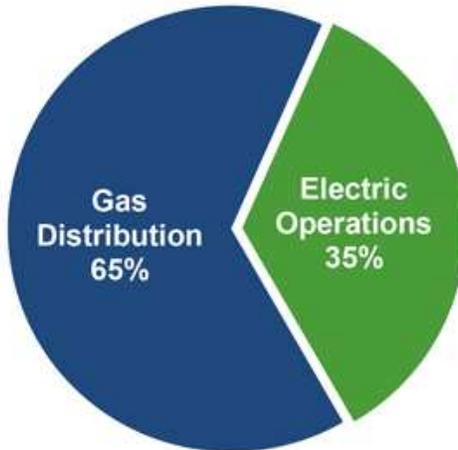
- ✓ Substantial, growing rate base, earning allowed returns
- ✓ Stable and affordable rate design, ~75% of CapEx expected to be revenue-producing
- ✓ Constructive environment for modernization investment and timely recovery
- ✓ Industry-leading safety and reliability performance
- ✓ Robust customer programs and solid satisfaction levels
- ✓ Collaborative, constructive stakeholder relationships

NiSource Natural Gas & Electric Utilities: Business Profile

Pure-Play Utility With Large Footprint Across Seven States

Gas Distribution Utilities

- Total Rate Base of ~\$4.4B*
- Constructive Regulatory Environments
- Significant Modernization Investment Programs



Operating Earnings

Fully Integrated Electric Utility

- Total Rate Base of ~\$3.0B*
- Constructive Regulatory Environment
- Significant Modernization, Enhancement and Environmental Investment Programs

Expected Rate Base Growth Averages ~8% / Year

*Rate Base as of 12/31/2013

NiSource Natural Gas & Electric Utilities: Investment-Driven Growth Strategy

~\$30B / 20+ Year Infrastructure Investment Inventory

~\$1.2B
Expected
Annual
Capital
Investment



4-6%
Expected
EPS &
Dividend
Growth

Disciplined Capital Management, Timely Investment Recovery



NiSource Natural Gas Utilities: Attractive Regulatory Construct

Aligning Revenue, Costs and Investments

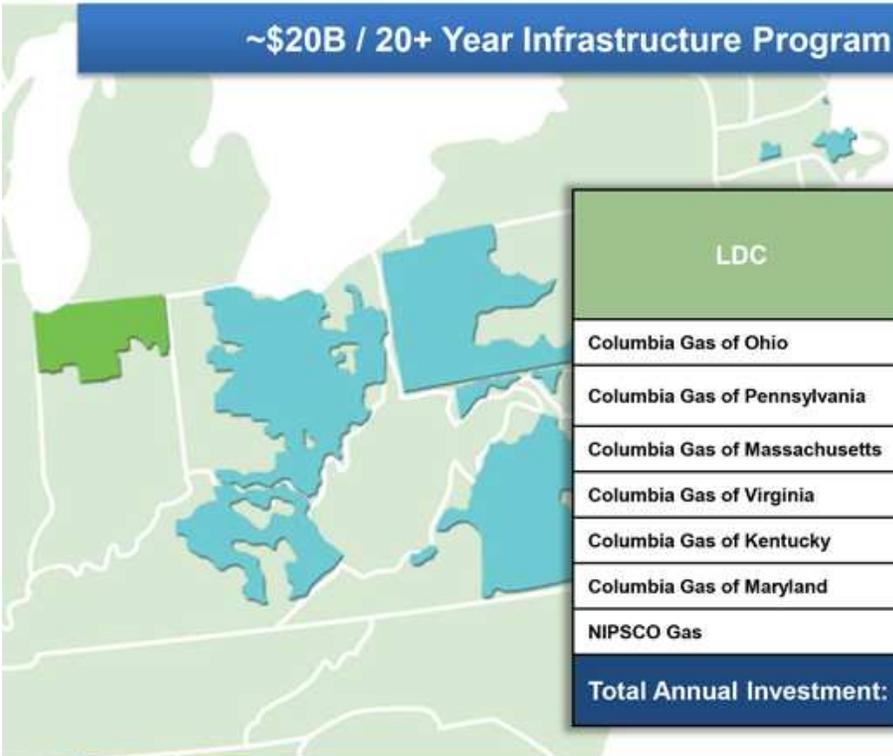
LDC	Fixed Rate Design (% of Distribution Charge)	Decoupling/Weather Normalization
Columbia Gas of Ohio	100%	N/A
Columbia Gas of Pennsylvania	~50%	✓
Columbia Gas of Massachusetts	~30%	✓
Columbia Gas of Virginia	~55%	✓
Columbia Gas of Kentucky	~60%	✓
Columbia Gas of Maryland	~35%	✓
NIPSCO Gas	~60%	-

Stable Rate Structures: >80% Non-Volumetric Revenue Stream



NiSource Natural Gas Utilities: Industry-Leading Modernization Programs

~\$20B / 20+ Year Infrastructure Program Investment Opportunity



LDC	Expected Annual Investment (\$ in Millions)	Recovery	Total Investment Opportunity
Columbia Gas of Ohio	\$175 – \$200	Tracked	~\$5.4B
Columbia Gas of Pennsylvania	\$125 – \$175	Forward Test Year/Tracked	~\$5.7B
Columbia Gas of Massachusetts	\$40 – \$60	Tracked	~\$2.0B
Columbia Gas of Virginia	\$20 – \$30	Tracked	~\$0.8B
Columbia Gas of Kentucky	~\$10	Tracked	~\$1.0B
Columbia Gas of Maryland	~\$10	Tracked	~\$0.4B
NIPSCO Gas	\$80 – \$120	Tracked	~\$4.5B
Total Annual Investment:	~\$460 – \$605		~\$20B

Stakeholder-Aligned, Transparent Recovery Mechanisms



NiSource Electric Utility: NIPSCO Infrastructure Investment

~\$10B / 20+ Year Electric Infrastructure Investment Opportunity

NIPSCO Electric Investments	Tracked Recovery	Expected Annual Investment (\$ in millions)	Total Investment Opportunity
Electric System Modernization Program	✓	\$70 – \$250	~\$6.8B
Environmental Compliance	✓	\$25 – \$100	~\$0.5B
Transmission Enhancements/Growth	N/A	\$80 – \$150	~\$1.0B
Generation Upgrades	N/A	TBD	~\$1.7B
Total Annual Investment:		~\$175 – \$500	~\$10B



Stakeholder-Aligned, Transparent Recovery Mechanisms



NiSource Natural Gas & Electric Utilities: Summary

~\$30B / 20+ Year Infrastructure Investment Inventory

- ✓ Industry-leading regulated natural gas and electric utilities company
- ✓ Track record of collaborative execution and safe, reliable service
- ✓ Complementary rate structures and tracker mechanisms; ~75% of CapEx expected to be revenue-producing
- ✓ Disciplined capital management; solid, investment-grade credit rating



Driving Long-Term Earnings and Dividend Growth

NiSource



Columbia Pipeline Group (CPG): A Premier Pipeline, Midstream & Storage Company

Glen Kettering

EVP and Group CEO, Columbia Pipeline Group

Stan Chapman

EVP and Chief Commercial Officer

Brett Stovern

Chief Operating Officer, Midstream

Shawn Patterson

President, Operations and Project Delivery

CPG: A Premier Pipeline, Midstream & Storage Company

- ✓ **Highly focused, pure-play pipeline, midstream and storage company**
- ✓ **Strategically located infrastructure links Marcellus and Utica supply regions to the Midwest, Mid-Atlantic and Gulf Coast markets**
- ✓ **Transformational growth project inventory potential: \$12-15B over 10 years**
- ✓ **Net investment growth expected to drive EBITDA and dividend growth**
- ✓ **Expected to maintain investment-grade credit profile and strong liquidity**

Significant Scale + Unparalleled Footprint + Substantial Investment Inventory



CPG: A Premier Pipeline, Midstream & Storage Company

Columbia
Pipeline
Group

Significant Scale,
Unparalleled
Footprint

- Columbia Gas Transmission (TCO)
- Columbia Gulf Transmission (Gulf)
- Millennium Pipeline
- Crossroads Pipeline
- ★ Midstream Franchises
- Shale Areas

- Serving Attractive Midwest, Mid-Atlantic and Gulf Coast Markets
- Strategically Positioned Overlaying Marcellus and Utica Shale Regions
- 15,000+ Pipeline Miles
- 1.3 Tcf Annual Throughput; ~10 Bcf/Day of Transportation Capacity
- ~300 Bcf of Working Storage Capacity; 4.5 Bcf/Day of Peak Day Storage Deliverability
- Diversified Customer Base: LDCs, Gas-Fired Electric Generators, Producers and Marketers
- Anchored by Long-Term Contracts

NiSource

CPG: Investment-Driven Growth Strategy

\$12-15B Expected Organic Growth and Modernization Projects

~\$1B+
Expected
Annual
Capital
Investment



Long-Term
EBITDA &
Dividend
Growth

Highly Visible, Attractive Investment Profile

CPG: A Premier Pipeline, Midstream & Storage Company

Stable Revenue Streams

- ~90% Demand Based
- Underpinned with Long-Term Firm Contracts
- Minimal Commodity/Volumetric Exposure
- Customer Supported Modernization Program in Place

Strategic Footprint

- Strategically Situated in Marcellus and Utica Shale Regions
- Serving Attractive Midwest, Mid-Atlantic and Gulf Coast Markets

Significant Scale

- ~\$4B Net Investment (Expected to grow to ~\$12.5B by 2020)
- \$12-15B of Expected Investment Opportunity Over 10 Years

Disciplined Financial Model

- Rigorous Capital Management and MLP
- Disciplined Project Management and Execution

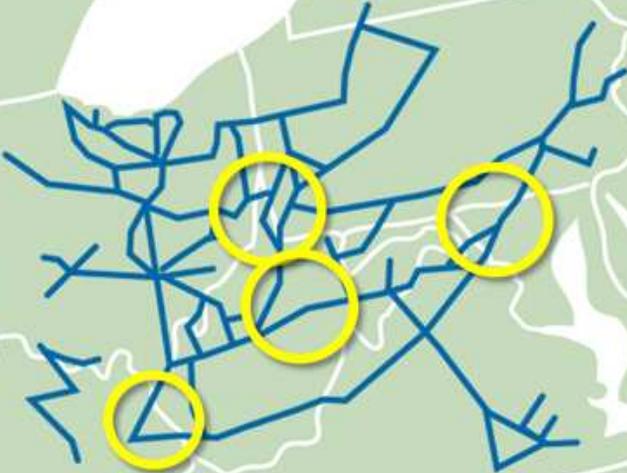
Transformational Investment-Driven Growth



CPG: System Modernization Program

\$4-5B of Long-Term Investment Over 10-15 Years

- **Groundbreaking FERC-Approved Settlement**
- **~\$300M/Year Investment to Modernize Columbia Gas Transmission**
 - Upgrading Compression
 - Replacing Aging Infrastructure
 - Increasing In-Line Inspection
- **Timely Recovery on Investment**
 - February 1 recovery for facilities placed in-service by October 31 of the prior year



 2014 Program Areas

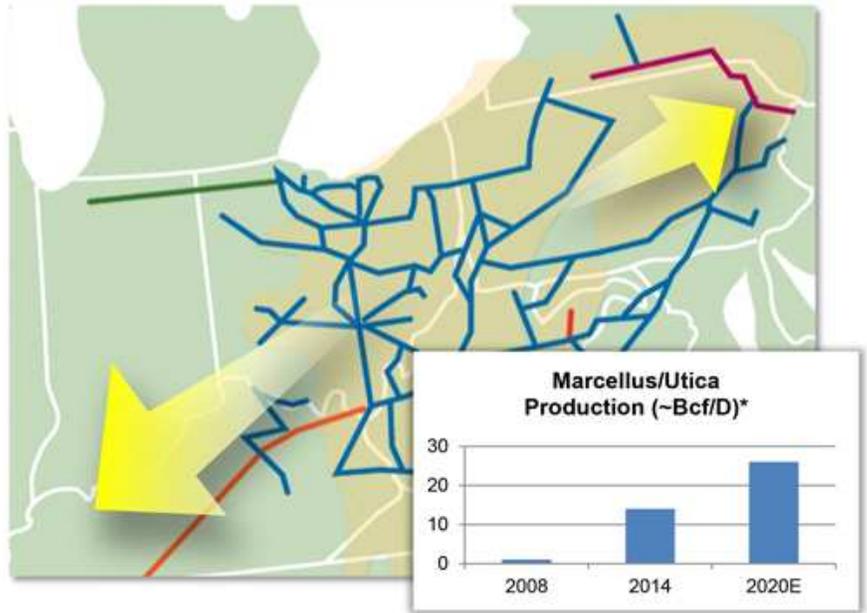
Customer Benefits: Enhancing... Flexibility, Reliability, Safety



CPG Growth: Unique Opportunity Created by Strategic Footprint

CPG Well Positioned in Rapidly Changing Landscape

- **Past** – Gas Flows from Gulf Coast to Appalachia, Mid-Atlantic and Northeast Markets
- **Current** – Production Growth and New Pipelines
- **Future** – Expected Production Growth Makes Appalachia Low Cost Supply Base; Gas Flows to the Northeast and Gulf Coast



Transformational Growth Opportunities

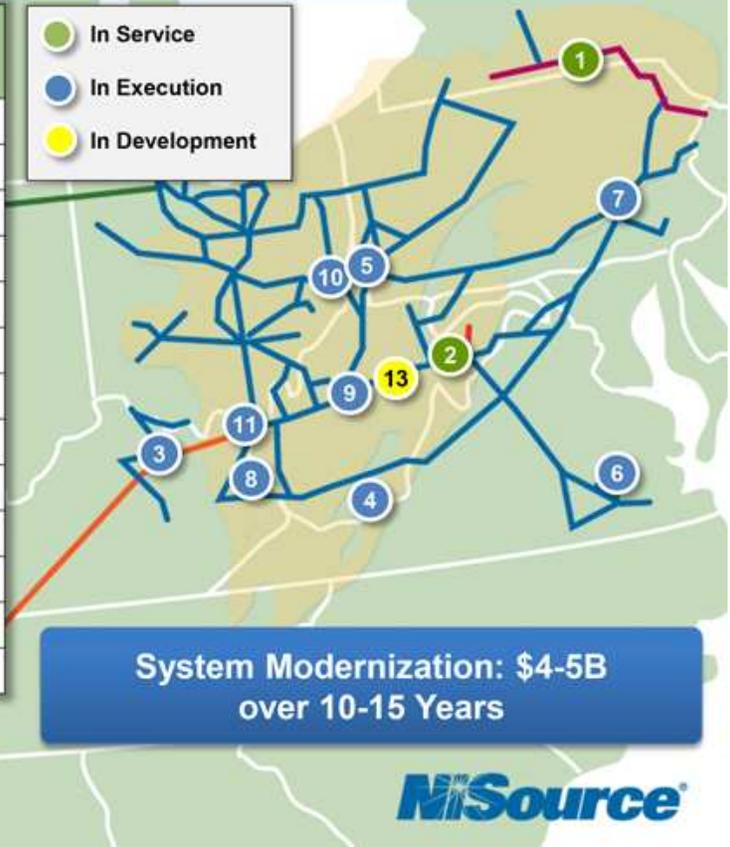
* Source: Wood Mackenzie

CPG: FERC-Regulated Growth Projects

~\$3.6B in Current Growth Projects

(\$MM)	Project	Expected CapEx (\$ in millions)	Expected In-Service
1	Millennium - Hancock	\$20	1Q 2014
2	Warren County	\$35	2Q 2014
3	West Side	\$200	4Q 2014
4	Giles County	\$25	4Q 2014
5	Line 1570 Upgrade	\$20	4Q 2014
6	Chesapeake LNG	\$35	2015
7	East Side	\$275	3Q 2015
8	AEP Big Sandy	\$25	2Q 2016
9	Utica Access	\$50	4Q 2016
10	Leach XPress	\$1,420	4Q 2017
11	Rayne XPress	\$330	4Q 2017
12	Cameron Access	\$310	1Q 2018
13	WB Expansion	~\$875	4Q 2018

- In Service
- In Execution
- In Development



System Modernization: \$4-5B over 10-15 Years



CPG Growth: East Side Expansion

~\$275M Investment, Supported by East Coast LDCs and Marcellus Producers

- Expands facilities to transport Northeast Marcellus supplies to Mid-Atlantic markets
- ~315 MMcf/D of additional capacity
- Key Customers: South Jersey Gas, South Jersey Resources, New Jersey Natural Gas, Cabot, Southwest Energy
- Planned In-Service: 3Q 2015

 Columbia
Transmission
Expansion

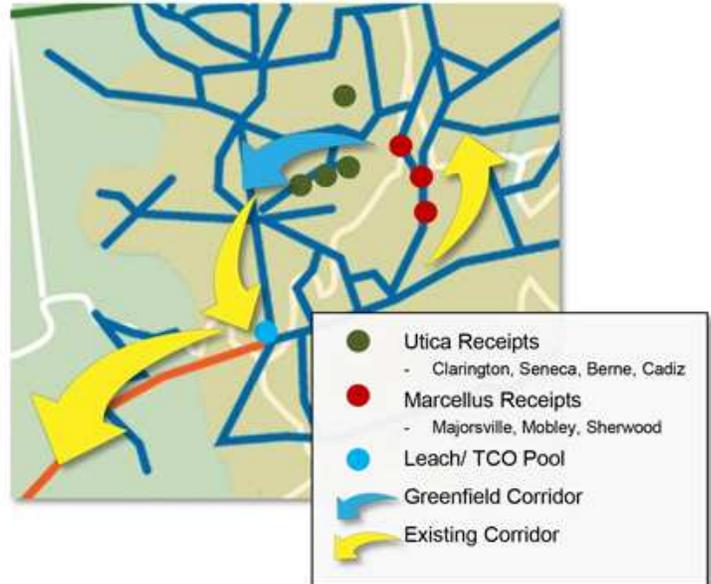
Linking New Supplies to Growing Markets

NiSource

CPG Growth: Leach and Rayne XPress Projects

Combined ~\$1.75B Investment, Supported by Long-Term Firm Contracts

- Adding capacity to transport **1.5 Bcf/D** of Marcellus and Utica supplies from constrained production areas to liquid transaction locations/markets
- ~160 miles of new gas transmission pipeline
- ~165,000 HP of additional compression across multiple sites
- Key Customers: Range Resources, Kaiser Francis, Noble and American Energy Partners
- Planned In-Service: 4Q 2017



Transformational Growth Opportunities

NiSource

CPG Growth: Cameron Access Project

~\$310M Investment, Linking Shale Supplies to LNG Export Market

- Transports supplies from numerous basins to Cameron LNG facility
- New pipeline to the Cameron LNG Facility providing **800 MMcf/D** of capacity from Rayne, Louisiana compressor station
- Key Customers: GDF Suez SA and MMGS, Inc.
- Planned In-Service: 1Q 2018

Hackberry, LA
(Cameron LNG)

Delhi, LA

Rayne, LA

Leach, KY (TCO)

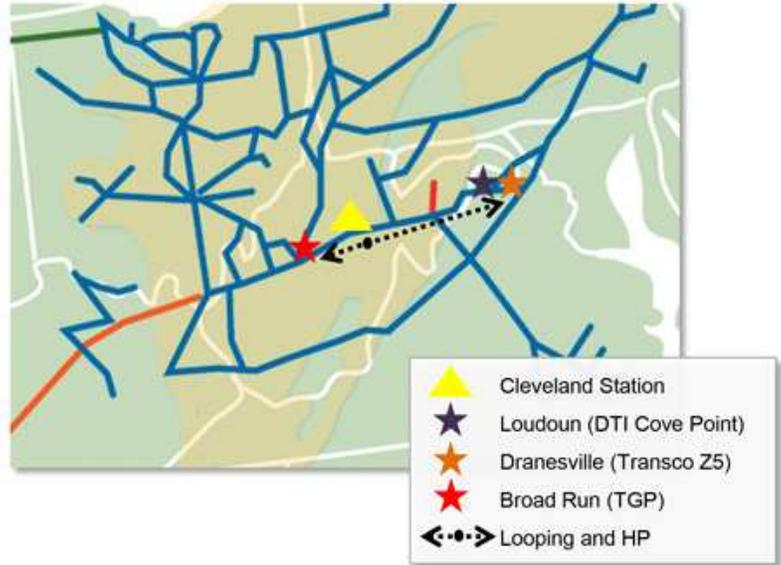
Transformational Growth Opportunities

NiSource

CPG Growth: WB XPress Project*

~\$875M Investment, Linking Marcellus Supplies to Gulf and East Coast Markets

- Additional capacity providing market access for Marcellus supplies
 - 500 MMcf/D east toward Loudoun
 - 800 MMcf/D west toward Broad Run
- Looping and compression
- Key Customers: Antero and Noble Energy
- Planned In-Service: 4Q 2018



Transformational Growth Opportunities

* In Advanced Development

CPG: Growing Midstream Franchise

Majorsville Gathering System

- Northern West Virginia and Southwest Pennsylvania
- 350 MMcfd wet gas gathering pipeline system

Big Pine Gathering System

- Western Pennsylvania
- 20" and 24" high pressure gathering pipeline system

Hickory Bend Gathering System – Pennant Midstream Services, LLC

- Northeast Ohio and Western Pennsylvania
- 50/50 partnership with Hilcorp affiliate
- Wet gas gathering pipeline facilities, cryogenic processing plant and NGL pipeline



An Established Midstream Player

CPG Growth: Current Midstream Projects

(\$MM)	Project	Expected CapEx (\$ in millions)	Expected In-Service
1	Big Pine	\$165	2Q 2013
2	Pennant Gathering/Processing	\$165	4Q 2013-2Q 2014
3	Pennant NGL Pipeline	\$30	3Q 2014
4	Big Pine Expansion	\$65	2Q 2015
5	Washington County Gathering	\$120	2015-2018
6	Pennant II	\$250	2015-2018
7	Appalachia Gathering/Processing	\$500	2016-2018

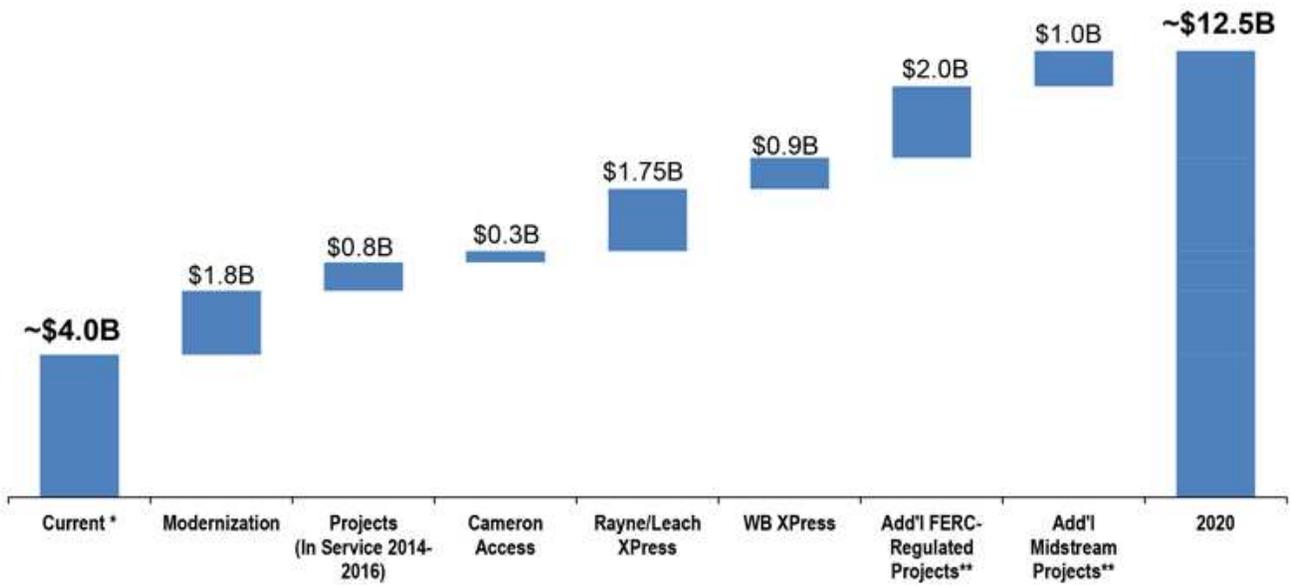
- In Service
- In Execution
- In Development

~\$1.3B in Current Midstream Growth Projects



CPG Investments Expected to Build Significant Scale

Executing on a Robust Investment Opportunity



Significant Net Investment Growth Through 2020

* As of 12/31/2013
 ** In Development



CPG: A Premier Pipeline, Midstream & Storage Company

\$12-15B of Expected Organic Growth and Modernization Projects Over 10 Years

- ✓ Stable, ~90% fixed revenue stream, underpinned with long-term contracts
- ✓ Strategic footprint, well situated in Marcellus/Utica shale region
- ✓ Significant scale, with ~\$4B in net investment, expected to grow to ~\$12.5B by 2020
- ✓ Disciplined financial model, with rigorous capital management and MLP



Positioned for Transformational, Investment-Driven Growth

Investment Proposition

Steve Smith
Chief Financial Officer



MiSource

NiSource Has Historically Delivered Significant Shareholder Value

Established Track Record and Commitment to Creating Shareholder Value

Cumulative Total Shareholder Return = ~185%*



Separation is a Logical Step in Continuing a Long-Term Value-Creation Strategy

* Includes common stock price appreciation + dividends paid from 1/1/2010 to 9/23/2014



Potential to Deliver Enhanced Shareholder Value

Separation would create two well-positioned energy companies, each with high quality assets, focused investment plans and opportunities

- ✓ Highlights and unlocks the value of two unique businesses
- ✓ Both businesses positioned to deliver enhanced earnings growth driven by clear, identified investment-based growth plans
- ✓ Track record of sustained execution for both businesses

Unique strengths should lead to enhanced valuations

- ✓ Increased transparency for each business
- ✓ Improved investor alignment
- ✓ Robust capital investment portfolios for both companies

Other expected key shareholder/ stakeholder benefits:

- ✓ Strong credit profile
- ✓ Manageable cost to achieve
- ✓ Efficient capital funding for each business
- ✓ Dividend expected to be maintained in total at separation and grow thereafter

NiSource Utility Company: Key Investment Considerations

Premier Pure-Play Natural Gas
& Electric Utilities Company

The NiSource logo is displayed in a white box with a blue border. The logo itself consists of the word "NiSource" in a bold, blue, sans-serif font, with a stylized sunburst or starburst graphic behind the letter "i".

- ✓ **Focused Business Strategy**
- ✓ **100% Regulated Companies Operating in Constructive Regulatory Environments**
- ✓ **Significant Scale with ~4.0M Customers Across 7 States**
- ✓ **~\$30B of Expected Infrastructure Investment Over 20+ years**
- ✓ **Expected to Maintain Current Investment Grade Credit Ratings**
- ✓ **Expected Earnings and Dividend Growth of 4-6% Annually**

A Compelling Investment Proposition

The NiSource logo is displayed in a blue, sans-serif font. It features the word "NiSource" with a stylized sunburst or starburst graphic behind the letter "i".

Columbia Pipeline Group: Key Investment Considerations

Pure-Play Pipeline, Midstream
& Storage Company



- ✓ **Focused Business Strategy**
- ✓ **Strategically Located Assets**
 - In rapidly growing Marcellus/Utica production regions with significant investment opportunities
 - Physically linked to major demand centers
- ✓ **Long-Term Modernization Opportunity**
- ✓ **Significant Scale:**
 - \$12-15B of expected investment over next 10 years
 - Net Investment expected to grow from ~\$4B to ~\$12.5B by 2020
- ✓ **Expected to Maintain Current Investment Grade Credit Ratings**
- ✓ **MLP Funding Vehicle**
- ✓ **Expected EBITDA and Dividend Growth Driven by Net Investment Growth**

A Compelling Investment Proposition



Closing Remarks

Bob Skaggs
President & Chief Executive Officer



MiSource

Summary: Creating Two Premier Energy Infrastructure Companies

Two Companies Positioned to Realize Enhanced Growth Opportunities



NiSource

Expected to Unlock Full Potential for Both Companies

Focused on Distinct Investment Opportunities, Assets and Customers

Experienced Teams, Proven Track Records

Unique Investment and Risk Profiles



Columbia Pipeline Group

Opportunity to Create Immediate and Long-Term Value for Shareholders



NiSource

NISOURCE INC/DE

FORM 8-K (Current report filing)

Filed 09/29/14 for the Period Ending 09/28/14

Address	801 EAST 86TH AVE MERRILLVILLE, IN 46410-6272
Telephone	2196475200
CIK	0001111711
Symbol	NI
Fiscal Year	12/31

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

**CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934**

Date of Report (Date of earliest event reported): September 29, 2014 (September 28, 2014)

NiSource Inc.

(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or other jurisdiction
of incorporation)

001-16189
(Commission File Number)

35-2108964
(IRS Employer
Identification No.)

801 East 86th Avenue
Merrillville, Indiana 46410
(Address of principal executive offices)

(877) 647-5990
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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-

SECTION 7 – REGULATION FD

Item 7.01 Regulation FD Disclosure.

On September 28, 2014, NiSource Inc. issued a press release announcing that it plans to file a registration statement for an initial public offering of common units representing limited partner interests (“Common Units”) in Columbia Pipeline Partners LP (the “Partnership”). On September 29, 2014, the Partnership issued a press release announcing that the Partnership has filed a registration statement with the U.S. Securities and Exchange Commission for an initial public offering of Common Units. A copy of each press release is furnished herewith as Exhibit 99.1 and Exhibit 99.2, respectively, and is incorporated herein by reference.

In accordance with General Instruction B.2 of Form 8-K, the information presented herein under Item 7.01 and set forth in the attached press releases included as Exhibit 99.1 and Exhibit 99.2 to this report is deemed to be “furnished” solely pursuant to Item 7.01 of this report and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, nor shall such information or the exhibits be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act.

SECTION 9 – FINANCIAL STATEMENTS AND EXHIBITS

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

The following is a list of exhibits furnished as part of this Form 8-K:

<u>Exhibit No.</u>	<u>Description of Document</u>
99.1	Press release of NiSource Inc. dated September 28, 2014.
99.2	Press release of Columbia Pipeline Partners LP dated September 29, 2014.

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 hereunto duly authorized.

Date: September 29, 2014

NISOURCE INC.

By: /s/ Robert E. Smith

Robert E. Smith

Vice President and Corporate Secretary

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description of Document</u>
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99.2	Press release of Columbia Pipeline Partners LP dated September 29, 2014.




801 E. 86th Avenue
Merrillville, IN 46410

FOR IMMEDIATE RELEASE
September 28, 2014

FOR ADDITIONAL INFORMATION

Media

Mike Banas
Communications Manager
(219) 647-5581
mbanas@nisource.com

Investors

Randy Hulén
Vice President, Investor Relations
(219) 647-5688
rghulen@nisource.com

**NiSource Inc. to Form Natural Gas Pipeline, Midstream &
Storage Master Limited Partnership**

MERRILLVILLE, Ind.—NiSource Inc. (NYSE:NI) announced today that it plans to file a registration statement for an initial public offering of common units representing limited partner interests in a new master limited partnership to be named Columbia Pipeline Partners LP (the “MLP”). The MLP’s initial assets are expected to consist of a 14.6% interest in CPG OpCo LP, which will own substantially all of the natural gas transmission, midstream and storage assets of NiSource.

NiSource expects the MLP to file a registration statement with the Securities and Exchange Commission (“SEC”) tomorrow. Subject to market conditions, an offering of common units in the MLP would follow registration with the SEC.

NiSource, through its wholly owned subsidiary Columbia Energy Group, will own the general partner of the MLP, all of its incentive distribution rights, and a majority of its limited partner interests following completion of the initial public offering.

This news release shall not constitute an offer to sell or the solicitation of an offer to buy securities. Any offers, solicitations or offers to buy, or any sales of securities will be made in accordance with the registration requirements of the Securities Act of 1933, as amended (“Securities Act”). This announcement is being issued in accordance with Rule 135 under the Securities Act.

This news release includes forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended. Those statements include statements regarding the intent, belief or current expectations of NiSource and its management. Although NiSource believes that its expectations are based on reasonable assumptions, it can give no assurance that its goals will be achieved. Readers are cautioned that the forward-looking statements are not guarantees of future performance and involve a number of risks and uncertainties, and that actual results could differ materially from those indicated by such forward-looking statements. Important factors that could cause actual results to differ materially from those indicated by such forward-looking statements include, but are not limited to, the following: the risks and uncertainties that the MLP will not be formed, will not complete an offering of securities, will not raise the planned amount of capital even if an offering of securities is completed, and will not be able to complete its proposed actions on the timetable indicated. Furthermore, the structure, nature, purpose, and proposed assets and liabilities of the MLP may change materially from those depicted herein. No assurance can be given as to the value of the MLP, the price at which its securities may trade, or whether a liquid market for those securities will develop or be maintained. In addition, NiSource and the MLP will be subject to the risks normally attendant to their respective businesses, including those set forth in the “Risk Factors” section in NiSource’s most recent Form 10-K and subsequent reports on Form 10-Q, many of which are risks beyond their control. NiSource expressly disclaims a duty to update any of the forward-looking statements contained in this release.

About NiSource

NiSource, based in Merrillville, Ind., is a Fortune 500 company engaged in natural gas transmission, storage and distribution, as well as electric generation, transmission and distribution. NiSource operating companies deliver energy to 3.8 million customers located within the high-demand energy corridor stretching from the Gulf Coast through the Midwest to New England. Information about NiSource and its subsidiaries is available at www.nisource.com. NI-F




801 E. 86th Avenue
Merrillville, IN 46410

FOR IMMEDIATE RELEASE

September 29, 2014

FOR ADDITIONAL INFORMATION

Media

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Investors

Randy Hulén
Vice President, Investor Relations
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Columbia Pipeline Partners LP Files for Initial Public Offering

HOUSTON, TX—Columbia Pipeline Partners LP (“CPPL”) announced today that it has filed a registration statement with the Securities and Exchange Commission (the “SEC”) for an initial public offering of CPPL’s common units. CPPL intends to apply to list its common units on The New York Stock Exchange under the symbol “CPPL.”

CPPL was formed by NiSource Inc. (“NiSource”) to own, operate and develop a portfolio of pipelines, storage and related midstream assets. CPPL’s initial assets are expected to consist of a 14.6% interest in CPG OpCo LP, which will own substantially all of the natural gas transmission, storage and midstream assets of NiSource. CPPL expects to launch its initial public offering in the first quarter of 2015.

Barclays and Citigroup will act as the joint book-running managers of the offering. Lazard is also acting as a financial advisor to NiSource.

The offering of the common units will be made only by means of a prospectus. A written prospectus meeting the requirements of Section 10 of the Securities Act of 1933, as amended (the “Securities Act”) when available, may be obtained from:

Barclays Capital Inc.
c/o Broadridge Financial Solutions
1155 Long Island Avenue
Edgewood, NY 11717
barclaysprospectus@broadridge.com
Toll-Free: 1-888-603-5847

Citigroup Global Markets Inc.
c/o Broadridge Financial Solutions
1155 Long Island Avenue
Edgewood, NY 11717
batprospectusdept@citi.com
Toll-Free: 1-800-831-9146

A registration statement relating to these securities has been filed with the SEC but has not yet become effective. The securities may not be sold, nor may offers to buy be accepted, prior to the time the registration statement becomes effective. This news release does not constitute an offer to sell or the solicitation of an offer to buy any securities issuable pursuant to the registration statement, nor will there be any sale of these securities in any state or jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state or jurisdiction.

This news release includes forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended. Those statements include statements regarding the intent, belief or current expectations of CPPL and its management. Although CPPL believes that its expectations are based on reasonable assumptions, it can give no assurance that its goals will be achieved. Readers are cautioned that the forward-looking statements are not guarantees of future performance and involve a number of risks and uncertainties, and that actual results could differ materially from those indicated by such forward-looking statements. Important factors that could cause actual results to differ materially from those indicated by such forward-looking statements include, but are not limited to, the following: the risks and uncertainties that CPPL will not complete an offering of its securities, will not raise the planned amount of capital even if an offering of securities is completed, and will not be able to complete its proposed actions on the timetable indicated. Furthermore, the structure, nature, purpose, and proposed assets and liabilities of CPPL may change materially from those depicted herein. No assurance can be given as to the value of CPPL, the price at which its securities may trade, or whether a liquid market for those securities will develop or be maintained. In addition, CPPL will be subject to the risks normally attendant to its business, including those set forth in the “Risk Factors” section in the registration statement, many of which are risks beyond its control. CPPL expressly disclaims a duty to update any of the forward-looking statements contained in this release.

About NiSource

NiSource Inc., based in Merrillville, Ind., is a Fortune 500 company engaged in natural gas transmission, storage and distribution, as well as electric generation, transmission and distribution. NiSource operating companies deliver energy to 3.8 million customers located within the

high-demand energy corridor stretching from the Gulf Coast through the Midwest to New England. Information about NiSource and its subsidiaries is available at www.nisource.com. NI-F

NISOURCE INC/DE

FORM 8-K (Current report filing)

Filed 10/30/14 for the Period Ending 10/30/14

Address	801 EAST 86TH AVE MERRILLVILLE, IN 46410-6272
Telephone	2196475200
CIK	0001111711
Symbol	NI
Fiscal Year	12/31

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 8-K

CURRENT REPORT

**Pursuant To Section 13 OR 15(d) of The
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): October 30, 2014

NiSource Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction
of incorporation or organization)

001-16189

Commission
file number

35-2108964

(I.R.S. Employer
Identification No.)

**801 East 86th Avenue
Merrillville, Indiana**

(Address of principal executive offices)

46410

(Zip Code)

Registrant's telephone number, including area code (877) 647-5990

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 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4 (c))
-

ITEM 2.02. RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On October 30, 2014, NiSource Inc. (the “Company”) reported its financial results for the quarter ended September 30, 2014. The Company’s press release, dated October 30, 2014, is attached as Exhibit 99.1.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits

Exhibit Number	Description
99.1	Press Release, dated October 30, 2014, issued by NiSource Inc.

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 hereunto duly authorized.

NiSource Inc.

(Registrant)

Date: October 30, 2014

By:

/s/ Joseph W. Mulpas

Joseph W. Mulpas
Vice President and Chief Accounting Officer

EXHIBIT INDEX

Exhibit Number	Description
99.1	Press Release, dated October 30, 2014, issued by NiSource Inc.

NEWS



801 E. 86th Avenue
Merrillville, IN 46410

October 30, 2014

FOR ADDITIONAL INFORMATION

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NiSource Reports Third Quarter 2014 Earnings

- Net operating earnings on plan for quarter and expected at the upper half of 2014 guidance range
- Growth project inventory continues to expand at Columbia Pipeline Group
- Solid execution of modernization, regulatory initiatives at NiSource utilities
- Previously announced separation on track to occur in mid-2015

MERRILLVILLE, Ind. - NiSource Inc. (NYSE: NI) today announced net operating earnings from continuing operations (non-GAAP) of \$45.5 million, or \$0.14 per share, for the three months ended September 30, 2014, compared with \$57.1 million, or \$0.18 per share, for the same period in 2013. Operating earnings for the third quarter (non-GAAP) were \$180.3 million compared to \$183.7 million in the year-ago period.

On a GAAP basis, NiSource reported income from continuing operations of \$31.5 million, or \$0.10 per share, for the three months ended September 30, 2014, compared with \$49.5 million, or \$0.16 per share, for the same period in 2013. Operating income for the third quarter was \$157.8 million compared to \$176.4 million in the year-ago period. Schedules 1 and 2 of this news release contain a reconciliation of net operating earnings and operating earnings to GAAP.

Earnings guidance, capital investments on track

NiSource President and CEO **Robert C. Skaggs Jr.** said the company's third quarter results were on plan and that it continues to expect to achieve earnings at the upper half of its full-year earnings outlook of \$1.61 to \$1.71 per share (non-GAAP), and that the company remains on track with its record \$2.2 billion capital investment program during 2014.

"During the third quarter, NiSource's business units continued to produce strong financial results while driving solid, steady progress on a broad range of well-established, infrastructure-focused investment strategies," Skaggs said. "That performance has us on track to once again achieve our annual earnings outlook, while delivering on an extensive range of customer and stakeholder focused initiatives."

There will likely be differences between net operating earnings and GAAP earnings. Due to the unpredictability of weather and other factors, NiSource is continuing its practice of not providing GAAP earnings guidance.

Skaggs noted that details of the company's business and growth strategies were discussed during NiSource's Investor Day on September 29. A replay and copies of the Investor Day presentations are available at www.nisource.com.

Columbia Pipeline Group separation update

On September 28, NiSource announced that its Board of Directors approved, in principle, plans to separate its natural gas pipeline and related businesses into a stand-alone, publicly traded company. The separation would result in two highly focused energy infrastructure companies: NiSource Inc., a fully regulated natural gas and electric utilities company, and Columbia Pipeline Group Inc. (CPG), a pure-play natural gas pipeline, midstream and storage company. Both companies are expected to maintain investment grade credit ratings after the separation, which is expected to occur in mid-2015.

“Our team expects to execute the separation with no adverse impact on our ongoing operations or customer services,” Skaggs said. “As two pure-play, highly focused and well capitalized energy infrastructure companies, both entities will be better positioned to execute on their respective investment strategies and deliver enhanced long-term growth.”

The separation is subject to various conditions, including, among others, NiSource receiving a favorable legal opinion on the tax-free nature of the distribution and final NiSource board approval. NiSource shareholder approval of the transaction is not required.

In addition to the separation, Columbia Pipeline Partners LP (CPPL), a subsidiary of NiSource, filed a registration statement on Form S-1 with the U.S. Securities and Exchange Commission in connection with the proposed initial public offering of its common units.

Columbia Pipeline Group modernization, growth project inventory tops \$12 billion

CPG continues to develop and execute on an extensive inventory of near- and long-term growth, modernization and midstream investment opportunities, many of which are tied to the company's strategic asset position in the Utica and Marcellus Shale production regions.

CPG expects to invest \$12-\$15 billion in modernization and growth projects over the next 10 years, with a number of major projects currently in active development. Key execution highlights for CPG include:

- By the end of the year, CPG will make a filing with the Federal Energy Regulatory Commission to recover costs related to the second year of investments under its **long-term system modernization** program. The filing, which involves approximately \$330 million in facilities placed in service by October 31, 2014, is anticipated to become effective in February 2015. A settlement with the company's customers addresses the initial five years of an expected 10-15 year program that exceeds \$4 billion in investment.
- Just this month, CPG placed into service its **West Side Expansion** project. This approximately \$200 million project, placed in service ahead of schedule and on budget, enabled a portion of **Columbia Gulf Transmission's (Columbia Gulf)** system to become fully bi-directional, among other system enhancements. Fully subscribed and anchored by long-term contracts, the project will transport approximately 500,000 dekatherms per day of Marcellus Shale production to Gulf Coast and southeast markets. The approximately \$25 million **Giles County** growth project also was placed in service this month, which supports

the conversion of a large end-user's coal boilers to natural gas. **Columbia Gas of Virginia (CGV)** also extended its distribution system by approximately four miles to support the customer conversion.

- In August, CPG confirmed details of its planned \$1.75 billion investment in the **Leach** and **Rayne XPress** projects. The projects will create a major new pathway for delivering natural gas supplies to market, providing transportation capacity of about 1.5 billion cubic feet per day for Marcellus and Utica Shale gas on the **Columbia Gas Transmission (Columbia Transmission)** system and about 1 billion cubic feet per day on the Columbia Gulf system. The projects, expected to be placed into service by the end of 2017, include approximately 150 miles of new transmission pipeline and new compression facilities at multiple sites in Ohio and West Virginia.
- CPG's **WB XPress** project also is advancing and expected to clear remaining conditions precedent during the fourth quarter of this year. The approximately \$870 million project would transport about 1.3 billion cubic feet of Marcellus Shale production on the Columbia Transmission system to pipeline interconnects and East Coast markets, including access to the Cove Point LNG export terminal. The project is expected to be placed in service during the fourth quarter of 2018.
- The company is encouraged by customer interest following the recently completed non-binding open season for the **Mountaineer XPress** project. The project's scope is currently being refined and discussions with potential shippers regarding capacity commitments are underway. The project would provide further transportation capacity out of the Marcellus and Utica Shale production basins.
- **NiSource Midstream Services (NMS)** has started work on its approximately \$120 million **Washington County Gathering** project, which is anchored by a long-term agreement with a subsidiary of Range Resources Corporation. The project will consist of gathering pipelines and compression facilities in western Pennsylvania to transport production into a nearby Columbia Transmission pipeline. The project is expected to be in service in late 2015, with additional expansion expected as gas production grows.
- NMS also is expanding and optimizing its **Big Pine Gathering System** to support Marcellus Shale production in Western Pennsylvania. The approximately \$65 million investment in facility enhancements, which will add an incremental approximately 175-million-cubic-feet-per-day of system capacity, are expected to begin service in the third quarter of 2015.

NIPSCO advancing its environmental, modernization and transmission projects

During the third quarter, NiSource's Indiana natural gas and electric business, **Northern Indiana Public Service Co.** (NIPSCO), continued to make progress on its agenda of system modernization, reliability and environmental improvements. Over the next 20-plus years, NIPSCO expects to invest approximately \$10 billion in electric infrastructure projects and approximately \$5 billion in natural gas infrastructure projects. Key execution highlights for NIPSCO include:

- The company began its investments as part of its seven-year **natural gas modernization program** approved earlier this year by the Indiana Utility Regulatory Commission. This program, initially approved for approximately \$710 million, is now expected to reach an investment level of \$860 million and complements the in-progress \$1.1 billion **electric system modernization program**.
- Progress also continued on two major NIPSCO electric transmission projects designed to enhance region-wide system flexibility and reliability. Right-of-way acquisition and permitting are underway for both projects. The **Greentown-Reynolds** project is a roughly 70-mile, 765-

kilovolt line being constructed in a joint development agreement with Pioneer Transmission, and the **Reynolds-Topeka** project is a 100-mile, 345-kilovolt line. These projects involve an investment of approximately \$500 million for NIPSCO and are anticipated to be in service by the end of 2018.

- Two remaining **flue gas desulfurization** (FGD) projects at NIPSCO's coal-fired electric generating facilities remain on plan. With projected completion dates of year-end 2014 and year-end 2015, the FGD investments are part of more than \$850 million in environmental investments, including water quality and emission-control projects recently completed and planned at NIPSCO's electric generating facilities.

NiSource Gas Distribution executes on infrastructure programs, regulatory agenda

The **NiSource Gas Distribution (NGD)** companies continue to deliver strong results by investing in their infrastructure replacement and enhancement programs, aligned with complementary regulatory initiatives. Over the next 20-plus years, NiSource's natural gas utilities expect to invest approximately \$20 billion in natural gas growth and modernization projects. Key execution highlights for NGD include:

- **Columbia Gas of Pennsylvania (CPA)** is awaiting a ruling by the Pennsylvania Public Utility Commission in its current base rate case. On September 5, the parties to the case jointly submitted a request to approve a settlement that provides for recovery of CPA's investments in its well-established infrastructure modernization program. If the settlement is approved as filed, annual revenues will increase by approximately \$33 million. A decision is expected by the end of the year.
- CGV expects a decision by the first quarter of 2015 on its base rate case filed with the Virginia State Corporation Commission in April. The case seeks to recover costs related to significant capital investments CGV has made to improve its system and accommodate growth, as well as costs incurred related to a number of pipeline safety initiatives designed to improve the safety and reliability of its system. If approved as filed, the case would increase net annual revenues by approximately \$25 million.
- **Columbia Gas of Massachusetts (CMA)** remains on track to file a priority pipe replacement plan and associated recovery for 2015 replacements with the Massachusetts Department of Public Utilities on October 31, which outlines a sustained system modernization program. Legislation authorizing accelerated recovery of gas infrastructure modernization investments took effect in Massachusetts earlier this year. CMA expects to begin recovery of 2015 planned infrastructure investments made under the program on May 1, 2015.
- On September 15, the Public Service Commission of Maryland approved a settlement in the **Columbia Gas of Maryland (CMD)** rate case filed on July 1. The settlement provides CMD an opportunity to earn a fair return on capital investments as part of its ongoing system modernization program. As a result of the settlement, annual revenues increased by approximately \$1.1 million, effective September 29, 2014.

“Across our seven regulated utilities - NIPSCO and Columbia Gas - we now expect to invest approximately \$30 billion in growth and modernization investments over the next 20-plus years,” Skaggs said. “With complementary customer programs and rate structures in place in all of our jurisdictions, we expect approximately 75 percent of this investment to be revenue producing. These programs are well-established and continue to deliver sustainable value for our customers, shareholders and other key stakeholders.”

Third Quarter 2014 Operating Earnings - Segment Results (non-GAAP)

NiSource's consolidated operating earnings (non-GAAP) for the three months ended September 30, 2014, were \$180.3 million, compared to \$183.7 million for the same period in 2013. Refer to Schedule 2 for the items included in 2014 and 2013 GAAP operating income but excluded from operating earnings.

Operating earnings for NiSource's business segments for the three months ended September 30, 2014, are discussed below.

Columbia Pipeline Group Operations reported operating earnings of \$94.4 million for the three months ended September 30, 2014, compared with operating earnings of \$98.7 million for the prior year period. Net revenues, excluding the impact of trackers, increased by \$19.4 million primarily due to higher demand margin revenue as a result of growth projects placed into service, increased mineral rights royalty revenue and higher condensate revenue.

Operating expenses, excluding the impact of trackers, increased by \$25.2 million primarily due to higher employee and administrative costs, the current period impact of the gain on the sale of storage assets in 2013, higher outside service costs and increased depreciation. These increases were partially offset by a decrease in software data conversion costs. Equity earnings increased by \$1.5 million primarily from increased earnings at Millennium Pipeline.

Electric Operations reported operating earnings of \$90.2 million for the three months ended September 30, 2014, compared with operating earnings of \$90.5 million for the prior year period. Net revenues, excluding the impact of trackers, increased by \$11.5 million primarily due to higher industrial and residential margins and increased environmental investment cost recovery.

Operating expenses, excluding the impact of trackers, increased by \$11.8 million due primarily to increased employee and administrative costs, higher electric generation costs largely due to maintenance-related outages, and increased storm damage costs.

Gas Distribution Operations reported operating earnings of \$1.0 million for the three months ended September 30, 2014, compared with an operating earnings loss of \$0.5 million for the prior year period. Net revenues, excluding the impact of trackers, increased by \$16.9 million primarily attributable to increases in regulatory and service programs, including the impact of the implementation of new rates under Columbia Gas of Ohio's approved infrastructure replacement program and the new rates at Columbia Gas of Massachusetts.

Operating expenses, excluding the impact of trackers, increased by \$15.4 million due primarily to increased employee and administrative costs and higher depreciation as a result of an increase in capital expenditures. These increases were partially offset by lower environmental costs.

Corporate and Other Operations reported an operating earnings loss of \$5.3 million for the three months ended September 30, 2014, which is comparable to an operating earnings loss of \$5.0 million for the comparable prior period.

Other Items

Interest expense increased by \$5.9 million due to the issuance of long-term debt in October 2013 and the expiration of interest rate swaps in July 2014. These increases were partially offset by the maturity of long-term debt in July 2014.

Other, net reflected income of \$9.2 million compared to income of \$4.7 million in 2013 primarily attributable to current period transmission agreement income.

The effective tax rate of net operating earnings was 43.1 percent compared to 32.6 percent for the same period last year. The increase in the three month effective tax rate is primarily due to a change in the estimated annual effective tax rate during the third quarter of 2014.

Nine Month Period 2014 Operating Earnings - Segment Results (non-GAAP)

NiSource's consolidated operating earnings (non-GAAP) for the nine months ended September 30, 2014, were \$908.5 million, compared to \$806.3 million for the same period in 2013. Refer to Schedule 2 for the items included in 2014 and 2013 GAAP operating income but excluded from operating earnings.

Operating earnings for NiSource's business segments for the nine months ended September 30, 2014, are discussed below.

Columbia Pipeline Group Operations reported operating earnings of \$357.0 million for the nine months ended September 30, 2014, compared with operating earnings of \$320.8 million for the prior year period. Net revenues, excluding the impact of trackers, increased by \$61.3 million primarily due to higher demand margin revenue as a result of growth projects placed into service, increased mineral rights royalty revenue and higher condensate revenue.

Operating expenses, excluding the impact of trackers, increased by \$32.4 million primarily due to higher employee and administrative costs, a prior year gain on the sale of storage assets, higher depreciation, increased outside service costs and higher property taxes. These increases were partially offset by gains on conveyances of mineral interests and a decrease in software data conversion costs. Equity earnings increased by \$7.3 million primarily from increased earnings at Millennium Pipeline.

Electric Operations reported operating earnings of \$224.2 million for the nine months ended September 30, 2014, compared with operating earnings of \$214.0 million for the prior year period. Net revenues, excluding the impact of trackers, increased by \$41.7 million primarily due to increased industrial margins, higher environmental investment cost recovery, increased revenue as a result of two electric transmission projects authorized by the MISO, and higher off-system sales. These increases were partially offset by a decrease in transmission upgrade revenue.

Operating expenses, excluding the impact of trackers, increased by \$31.5 million due primarily to higher employee and administrative costs and increased electric generation costs largely due to maintenance-related outages.

Gas Distribution Operations reported operating earnings of \$343.6 million for the nine months ended September 30, 2014, compared with operating earnings of \$284.6 million for the prior year period. Net revenues, excluding the impact of trackers, increased by \$97.0 million primarily attributable to an increase in regulatory and service programs, including the impact of the rate settlement at Columbia Gas of Pennsylvania and the implementation of new rates under Columbia Gas of Ohio's approved infrastructure replacement program. Additionally, there was increased residential, commercial and industrial usage and higher off-system sales.

Operating expenses, excluding the impact of trackers, increased by \$38.0 million due primarily to increased employee and administrative costs, higher depreciation due to an increase in capital expenditures, increased other taxes, higher outside service costs and an increase in uncollectibles. These increases were partially offset by lower environmental costs.

Corporate and Other Operations reported an operating earnings loss of \$16.3 million for the nine months ended September 30, 2014, compared to an operating earnings loss of \$13.1 million for the comparable prior period.

Other Items

Interest expense increased by \$23.5 million due the issuance of long-term debt in April and October 2013, partially offset by the maturity of long-term debt in March 2013 and July 2014.

Other, net reflected income of \$21.2 million compared to income of \$22.1 million in 2013.

The effective tax rate of net operating earnings was 36.6 percent compared to 34.1 percent for the same period last year.

About NiSource

NiSource Inc. (NYSE: NI), based in Merrillville, Ind., is a Fortune 500 company engaged in natural gas transmission, storage and distribution, as well as electric generation, transmission and distribution. NiSource operating companies deliver energy to 3.8 million customers located within the high-demand energy corridor stretching from the Gulf Coast through the Midwest to New England. Information about NiSource and its subsidiaries is available via the Internet at www.nisource.com. NI-F

Forward-Looking Statements

This news release contains forward-looking statements within the meaning of federal securities laws. These forward-looking statements are subject to various risks and uncertainties. Examples of forward-looking statements in this release include statements and expectations regarding future dividends, earnings growth, capital investments, financing needs and plans, credit ratings, investment opportunities and the planned separation of our natural gas pipeline and related businesses. Factors that could cause actual results to differ materially from the projections, forecasts, estimates and expectations discussed in this release include, among other things, the timing to consummate the transactions described herein; the risk that a condition to consummation is not satisfied; disruption to operations as a result of the proposed transactions; the inability of one or more of the businesses to operate independently following the completion of the proposed transactions; the risks and uncertainties that CPPL will not complete its initial public offering; weather; fluctuations in supply and demand for energy commodities; growth opportunities for NiSource's businesses; increased competition in deregulated energy markets; the success of regulatory and commercial initiatives; dealings with third parties over whom NiSource has no control; actual operating experience of NiSource's assets; the regulatory process; regulatory and legislative changes; changes in general economic, capital and commodity market conditions; and counter-party credit risk, and the matters set forth in the "Risk Factors" section in NiSource's 2013 Form 10-K and subsequent NiSource filings of Form 10-Q, many of which are beyond the control of NiSource. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this news release. NiSource expressly disclaims any duty to update any of the forward-looking statements contained in this release.

NiSource Inc.
Consolidated Net Operating Earnings (Non-GAAP)
(unaudited)

<i>(in millions, except per share amounts)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Net Revenues				
Gas Distribution	\$ 240.4	\$ 255.3	\$ 1,860.1	\$ 1,541.8
Gas Transportation and Storage	381.7	350.1	1,350.3	1,185.1
Electric	437.9	416.4	1,285.0	1,177.0
Other	77.3	61.2	271.0	162.8
Gross Revenues	1,137.3	1,083.0	4,766.4	4,066.7
Cost of Sales (excluding depreciation and amortization)	230.4	243.2	1,663.4	1,268.4
Total Net Revenues	906.9	839.8	3,103.0	2,798.3
Operating Expenses				
Operation and maintenance	417.2	384.1	1,195.1	1,115.7
Operation and maintenance - trackers	103.4	84.8	359.8	259.9
Depreciation and amortization	151.8	144.5	448.9	427.7
Depreciation and amortization - trackers	1.2	—	1.9	3.7
Gain on sale of assets	(3.0)	(11.1)	(20.8)	(11.1)
Other taxes	60.0	56.1	189.3	175.4
Other taxes - trackers	8.0	8.2	53.2	46.3
Total Operating Expenses	738.6	666.6	2,227.4	2,017.6
Equity Earnings in Unconsolidated Affiliates	12.0	10.5	32.9	25.6
Operating Earnings	180.3	183.7	908.5	806.3
Other Income (Deductions)				
Interest expense, net	(109.6)	(103.7)	(327.8)	(304.3)
Other, net	9.2	4.7	21.2	22.1
Total Other Deductions	(100.4)	(99.0)	(306.6)	(282.2)
Operating Earnings From Continuing Operations				
Before Income Taxes	79.9	84.7	601.9	524.1
Income Taxes	34.4	27.6	220.1	178.9
Net Operating Earnings from Continuing Operations	45.5	57.1	381.8	345.2
GAAP Adjustment	(14.0)	(7.6)	(5.4)	(7.3)
GAAP Income from Continuing Operations	\$ 31.5	\$ 49.5	\$ 376.4	\$ 337.9
Basic Net Operating Earnings Per Share from Continuing Operations	\$ 0.14	\$ 0.18	\$ 1.21	\$ 1.11
GAAP Basic Earnings Per Share from Continuing Operations	\$ 0.10	\$ 0.16	\$ 1.19	\$ 1.08
Basic Average Common Shares Outstanding	315.4	312.8	314.9	312.1

NiSource Inc.
Segment Operating Earnings (Non-GAAP)
(unaudited)

Gas Distribution Operations <i>(in millions)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Net Revenues				
Sales revenues	\$ 412.1	\$ 412.8	\$ 2,575.5	\$ 2,131.4
Less: Cost of gas sold	114.6	131.8	1,294.8	964.7
Net Revenues	297.5	281.0	1,280.7	1,166.7
Operating Expenses				
Operation and maintenance	194.8	184.9	565.9	546.2
Operation and maintenance - trackers	14.0	14.2	78.5	68.4
Depreciation and amortization	55.4	51.1	161.7	149.7
Other taxes	24.3	23.1	77.8	71.5
Other taxes - trackers	8.0	8.2	53.2	46.3
Total Operating Expenses	296.5	281.5	937.1	882.1
Operating Earnings (Loss)	\$ 1.0	\$ (0.5)	\$ 343.6	\$ 284.6
GAAP Adjustment	(0.2)	(4.5)	18.8	(5.5)
GAAP Operating Income (Loss)	\$ 0.8	\$ (5.0)	\$ 362.4	\$ 279.1

Columbia Pipeline Group Operations <i>(in millions)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Net Revenues				
Transportation revenues	\$ 194.0	\$ 176.4	\$ 597.8	\$ 558.9
Storage revenues	49.1	48.6	148.3	147.8
Other revenues	74.5	57.7	260.6	151.2
Total Operating Revenues	317.6	282.7	1,006.7	857.9
Less: Cost of sales	—	0.1	0.2	0.3
Net Revenues	317.6	282.6	1,006.5	857.6
Operating Expenses				
Operation and maintenance	111.5	97.9	302.0	272.4
Operation and maintenance - trackers	82.9	67.3	263.2	175.6
Depreciation and amortization	29.2	26.7	87.7	78.9
Gain on sale of assets	(3.0)	(11.1)	(20.8)	(11.1)
Other taxes	14.6	13.6	50.3	46.6
Total Operating Expenses	235.2	194.4	682.4	562.4
Equity Earnings in Unconsolidated Affiliates	12.0	10.5	32.9	25.6
Operating Earnings	\$ 94.4	\$ 98.7	\$ 357.0	\$ 320.8
GAAP Adjustment	—	—	—	0.2
GAAP Operating Income	\$ 94.4	\$ 98.7	\$ 357.0	\$ 321.0

NiSource Inc.
Segment Operating Earnings (Non-GAAP)
(unaudited)

Electric Operations <i>(in millions)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Net Revenues				
Sales revenues	\$ 438.0	\$ 416.8	\$ 1,286.1	\$ 1,178.2
Less: Cost of sales	147.5	142.2	474.2	408.4
Net Revenues	290.5	274.6	811.9	769.8
Operating Expenses				
Operation and maintenance	114.0	103.8	337.1	307.8
Operation and maintenance - trackers	6.5	3.3	18.1	15.9
Depreciation and amortization	61.2	60.6	181.0	180.5
Depreciation and amortization - trackers	1.2	—	1.9	3.7
Other taxes	17.4	16.4	49.6	47.9
Total Operating Expenses	200.3	184.1	587.7	555.8
Operating Earnings	\$ 90.2	\$ 90.5	\$ 224.2	\$ 214.0
GAAP Adjustment	(13.3)	(3.0)	(5.5)	(1.8)
GAAP Operating Income	\$ 76.9	\$ 87.5	\$ 218.7	\$ 212.2

Corporate and Other Operations <i>(in millions)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Operating Loss	\$ (5.3)	\$ (5.0)	\$ (16.3)	\$ (13.1)
GAAP Adjustment	(9.0)	0.2	(10.7)	0.1
GAAP Operating Loss	\$ (14.3)	\$ (4.8)	\$ (27.0)	\$ (13.0)

NiSource Inc.
Segment Volumes and Statistical Data

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Gas Distribution Operations				
Sales and Transportation (MMDth)				
Residential	15.4	15.2	206.9	182.0
Commercial	17.5	16.2	135.0	118.5
Industrial	126.2	120.7	384.7	367.4
Off System	7.1	15.6	35.6	55.7
Other	—	—	(0.1)	0.4
Total	166.2	167.7	762.1	724.0
Weather Adjustment	—	(0.1)	(33.8)	0.6
Sales and Transportation Volumes - Excluding Weather	166.2	167.6	728.3	724.6

Heating Degree Days	100	94	4,092	3,576
Normal Heating Degree Days	85	85	3,576	3,576
% Colder than Normal	18%	11%	14%	—%

Customers				
Residential			3,035,401	3,022,289
Commercial			276,923	276,219
Industrial			7,512	7,488
Other			15	22
Total			3,319,851	3,306,018

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Columbia Pipeline Group Operations				
Throughput (MMDth)				
Columbia Transmission	160.9	158.4	814.6	790.8
Columbia Gulf	143.0	134.0	473.3	494.0
Crossroads Pipeline	3.2	4.1	12.4	12.4
Intrasegment eliminations	(22.1)	(36.5)	(105.3)	(211.8)
Total	285.0	260.0	1,195.0	1,085.4

NiSource Inc.
Segment Volumes and Statistical Data

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Electric Operations				
Sales (Gigawatt Hours)				
Residential	915.2	1,000.5	2,604.6	2,633.7
Commercial	1,031.6	1,066.1	2,932.0	2,929.9
Industrial	2,504.7	2,337.2	7,567.6	6,913.1
Wholesale	161.4	108.6	485.3	664.6
Other	36.4	31.3	104.7	91.5
Total	4,649.3	4,543.7	13,694.2	13,232.8
Weather Adjustment	193.7	44.0	79.3	26.4
Sales Volumes - Excluding Weather	4,843.0	4,587.7	13,773.5	13,259.2
Cooling Degree Days	381	531	657	781
Normal Cooling Degree Days	570	570	799	799
% Colder than Normal	(33)%	(7)%	(18)%	(2)%
Electric Customers				
Residential			401,683	401,174
Commercial			54,383	54,267
Industrial			2,364	2,371
Wholesale			751	728
Other			4	6
Total			459,185	458,546

NiSource Inc.
Schedule 1 – Reconciliation of Net Operating Earnings to GAAP

<i>(in millions, except per share amounts)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Net Operating Earnings from Continuing Operations (Non-GAAP)	\$ 45.5	\$ 57.1	\$ 381.8	\$ 345.2
Items excluded from operating earnings				
Net Revenues:				
Weather - compared to normal	(13.5)	(3.0)	13.0	(2.9)
Settlement Agreement	—	(3.2)	—	(3.2)
Operating Expenses:				
Transaction costs	(8.9)	—	(8.9)	—
Loss on sale of assets and asset impairments	(0.1)	(1.1)	(1.5)	(0.9)
Total items excluded from operating earnings	(22.5)	(7.3)	2.6	(7.0)
Other Deductions:				
Tax effect of above items	8.5	2.8	(1.0)	2.8
Income taxes - rate changes	—	(3.1)	(7.0)	(3.1)
Total items excluded from net operating earnings	(14.0)	(7.6)	(5.4)	(7.3)
Reported Income from Continuing Operations - GAAP	\$ 31.5	\$ 49.5	\$ 376.4	\$ 337.9
Basic Average Common Shares Outstanding	315.4	312.8	314.9	312.1
Basic Net Operating Earnings Per Share from Continuing Operations	\$ 0.14	\$ 0.18	\$ 1.21	\$ 1.11
Items excluded from net operating earnings (after-tax)	(0.04)	(0.02)	(0.02)	(0.03)
GAAP Basic Earnings Per Share from Continuing Operations	\$ 0.10	\$ 0.16	\$ 1.19	\$ 1.08

NiSource Inc.

Schedule 2 – Adjustments by Segment from Operating Earnings to GAAP
For the Quarter ended September 30,

2014 (in millions)	Gas Distribution	Columbia Pipeline Group	Electric	Corporate & Other	Total
Operating Earnings (Loss)	\$ 1.0	\$ 94.4	\$ 90.2	\$ (5.3)	\$ 180.3
Net Revenues:					
Weather - compared to normal	(0.2)	—	(13.3)	—	(13.5)
Total Impact - Net Revenues	(0.2)	—	(13.3)	—	(13.5)
Operating Expenses:					
Transaction costs	—	—	—	(8.9)	(8.9)
Loss on sale of assets and asset impairments	—	—	—	(0.1)	(0.1)
Total Impact - Operating Expenses	—	—	—	(9.0)	(9.0)
Total Impact - Operating (Loss) Income	\$ (0.2)	\$ —	\$ (13.3)	\$ (9.0)	\$ (22.5)
Operating Income (Loss) - GAAP	\$ 0.8	\$ 94.4	\$ 76.9	\$ (14.3)	\$ 157.8

2013 (in millions)	Gas Distribution	Columbia Pipeline Group	Electric	Corporate & Other	Total
Operating (Loss) Earnings	\$ (0.5)	\$ 98.7	\$ 90.5	\$ (5.0)	\$ 183.7
Net Revenues:					
Weather - compared to normal	—	—	(3.0)	—	(3.0)
Settlement Agreement	(3.2)	—	—	—	(3.2)
Total Impact - Net Revenues	(3.2)	—	(3.0)	—	(6.2)
Operating Expenses:					
(Loss) Gain on sale of assets and asset impairments	(1.3)	—	—	0.2	(1.1)
Total Impact - Operating Expenses	(1.3)	—	—	0.2	(1.1)
Total Impact - Operating (Loss) Income	\$ (4.5)	\$ —	\$ (3.0)	\$ 0.2	\$ (7.3)
Operating (Loss) Income - GAAP	\$ (5.0)	\$ 98.7	\$ 87.5	\$ (4.8)	\$ 176.4

NiSource Inc.

Schedule 2 – Adjustments by Segment from Operating Earnings to GAAP
For the Nine Months ended September 30,

2014 (in millions)	Gas Distribution	Columbia Pipeline Group	Electric	Corporate & Other	Total
Operating Earnings (Loss)	\$ 343.6	\$ 357.0	\$ 224.2	\$ (16.3)	\$ 908.5
Net Revenues:					
Weather - compared to normal	18.6	—	(5.6)	—	13.0
Total Impact - Net Revenues	18.6	—	(5.6)	—	13.0
Operating Expenses:					
Transaction costs	—	—	—	(8.9)	(8.9)
Gain (Loss) on sale of assets and asset impairments	0.2	—	0.1	(1.8)	(1.5)
Total Impact - Operating Expenses	0.2	—	0.1	(10.7)	(10.4)
Total Impact - Operating Income (Loss)	\$ 18.8	\$ —	\$ (5.5)	\$ (10.7)	\$ 2.6
Operating Income (Loss) - GAAP	\$ 362.4	\$ 357.0	\$ 218.7	\$ (27.0)	\$ 911.1

2013 (in millions)	Gas Distribution	Columbia Pipeline Group	Electric	Corporate & Other	Total
Operating Earnings (Loss)	\$ 284.6	\$ 320.8	\$ 214.0	\$ (13.1)	\$ 806.3
Net Revenues:					
Weather - compared to normal	(1.1)	—	(1.8)	—	(2.9)
Settlement Agreement	(3.2)	—	—	—	(3.2)
Total Impact - Net Revenues	(4.3)	—	(1.8)	—	(6.1)
Operating Expenses:					
(Loss) Gain on sale of assets and asset impairments	(1.2)	0.2	—	0.1	(0.9)
Total Impact - Operating Expenses	(1.2)	0.2	—	0.1	(0.9)
Total Impact - Operating (Loss) Income	\$ (5.5)	\$ 0.2	\$ (1.8)	\$ 0.1	\$ (7.0)
Operating Income (Loss) - GAAP	\$ 279.1	\$ 321.0	\$ 212.2	\$ (13.0)	\$ 799.3

NiSource Inc.
Consolidated Income Statements (GAAP)
(unaudited)

<i>(in millions, except per share amounts)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Net Revenues				
Gas Distribution	\$ 240.3	\$ 255.1	\$ 1,878.8	\$ 1,540.6
Gas Transportation and Storage	381.7	346.9	1,350.3	1,181.9
Electric	424.6	413.4	1,279.4	1,175.2
Other	77.3	61.4	271.0	162.8
Gross Revenues	1,123.9	1,076.8	4,779.5	4,060.5
Cost of Sales (excluding depreciation and amortization)	230.5	243.0	1,663.5	1,268.3
Total Net Revenues	893.4	833.8	3,116.0	2,792.2
Operating Expenses				
Operation and maintenance	529.5	468.9	1,563.8	1,375.6
Depreciation and amortization	153.0	144.5	450.8	431.4
Gain on sale of assets, net	(2.9)	(9.8)	(19.3)	(10.2)
Other taxes	68.0	64.3	242.5	221.7
Total Operating Expenses	747.6	667.9	2,237.8	2,018.5
Equity Earnings in Unconsolidated Affiliates	12.0	10.5	32.9	25.6
Operating Income	157.8	176.4	911.1	799.3
Other Income (Deductions)				
Interest expense, net	(109.6)	(103.7)	(327.8)	(304.3)
Other, net	9.2	4.7	21.2	22.1
Total Other Deductions	(100.4)	(99.0)	(306.6)	(282.2)
Income from Continuing Operations before Income Taxes	57.4	77.4	604.5	517.1
Income Taxes	25.9	27.9	228.1	179.2
Income from Continuing Operations	31.5	49.5	376.4	337.9
(Loss) Income from Discontinued Operations - net of taxes	(0.1)	0.1	(0.6)	7.5
(Loss) Gain on Disposition of Discontinued Operations - net of taxes	—	(1.5)	—	34.9
Net Income	\$ 31.4	\$ 48.1	\$ 375.8	\$ 380.3
Basic Earnings Per Share				
Continuing operations	\$ 0.10	\$ 0.16	\$ 1.19	\$ 1.08
Discontinued operations	—	—	—	0.14
Basic Earnings Per Share	\$ 0.10	\$ 0.16	\$ 1.19	\$ 1.22
Diluted Earnings Per Share				
Continuing operations	\$ 0.10	\$ 0.16	\$ 1.19	\$ 1.08
Discontinued operations	—	—	—	0.14
Diluted Earnings Per Share	\$ 0.10	\$ 0.16	\$ 1.19	\$ 1.22
Dividends Declared Per Common Share	\$ 0.26	\$ 0.25	\$ 1.02	\$ 0.98
Basic Average Common Shares Outstanding	315.4	312.8	314.9	312.1
Diluted Average Common Shares	316.6	313.8	316.0	313.0

NiSource Inc.
Consolidated Balance Sheets (GAAP)
(unaudited)

<i>(in millions)</i>	September 30, 2014	December 31, 2013
ASSETS		
Property, Plant and Equipment		
Utility plant	\$ 24,775.7	\$ 23,303.7
Accumulated depreciation and amortization	(9,533.2)	(9,256.5)
Net utility plant	15,242.5	14,047.2
Other property, at cost, less accumulated depreciation	344.0	317.9
Net Property, Plant and Equipment	15,586.5	14,365.1
Investments and Other Assets		
Unconsolidated affiliates	443.5	373.7
Other investments	211.7	204.0
Total Investments and Other Assets	655.2	577.7
Current Assets		
Cash and cash equivalents	17.7	26.8
Restricted cash	16.0	8.0
Accounts receivable (less reserve of \$18.4 and \$23.5, respectively)	639.3	1,005.8
Gas inventory	513.0	354.6
Underrecovered gas and fuel costs	54.7	46.4
Materials and supplies, at average cost	106.4	101.2
Electric production fuel, at average cost	48.2	44.6
Exchange gas receivable	80.9	70.6
Regulatory assets	200.1	142.8
Deferred income taxes	231.7	175.3
Prepayments and other	103.6	183.1
Total Current Assets	2,011.6	2,159.2
Other Assets		
Regulatory assets	1,440.9	1,522.2
Goodwill	3,666.2	3,666.2
Intangible assets	267.4	275.7
Deferred charges and other	82.3	87.8
Total Other Assets	5,456.8	5,551.9
Total Assets	\$ 23,710.1	\$ 22,653.9

NiSource Inc.
Consolidated Balance Sheets (GAAP) (continued)
(*unaudited*)

<i>(in millions, except share amounts)</i>	September 30, 2014	December 31, 2013
CAPITALIZATION AND LIABILITIES		
Capitalization		
Common Stockholders' Equity		
Common stock - \$0.01 par value, 400,000,000 shares authorized; 315,597,089 and 313,675,911 shares outstanding, respectively	\$ 3.2	\$ 3.2
Additional paid-in capital	4,764.7	4,690.1
Retained earnings	1,339.9	1,285.5
Accumulated other comprehensive loss	(41.6)	(43.6)
Treasury stock	(58.9)	(48.6)
Total Common Stockholders' Equity	6,007.3	5,886.6
Long-term debt, excluding amounts due within one year	8,397.4	7,593.2
Total Capitalization	14,404.7	13,479.8
Current Liabilities		
Current portion of long-term debt	18.7	542.1
Short-term borrowings	1,311.1	698.7
Accounts payable	427.7	619.0
Dividends payable	82.1	—
Customer deposits and credits	257.1	262.6
Taxes accrued	189.3	254.8
Interest accrued	81.7	136.4
Overrecovered gas and fuel costs	21.2	32.2
Exchange gas payable	143.1	186.4
Deferred revenue	6.5	18.5
Regulatory liabilities	79.9	60.2
Accrued liability for postretirement and postemployment benefits	6.2	6.2
Legal and environmental	15.3	32.3
Other accruals	408.6	329.0
Total Current Liabilities	3,048.5	3,178.4
Other Liabilities and Deferred Credits		
Deferred income taxes	3,540.8	3,277.8
Deferred investment tax credits	18.2	20.9
Deferred credits	102.7	91.9
Deferred revenue	20.9	17.1
Accrued liability for postretirement and postemployment benefits	425.6	527.5
Regulatory liabilities	1,675.8	1,669.8
Asset retirement obligations	175.2	174.4
Other noncurrent liabilities	297.7	216.3
Total Other Liabilities and Deferred Credits	6,256.9	5,995.7
Commitments and Contingencies		
	—	—
Total Capitalization and Liabilities	\$ 23,710.1	\$ 22,653.9

NiSource Inc.
Statements of Consolidated Cash Flows (GAAP)
(unaudited)

Nine Months Ended September 30, (in millions)	2014	2013
Operating Activities		
Net Income	\$ 375.8	\$ 380.3
Adjustments to Reconcile Net Income to Net Cash from Continuing Operations:		
Depreciation and amortization	450.8	431.4
Net changes in price risk management assets and liabilities	1.9	1.9
Deferred income taxes and investment tax credits	220.8	199.1
Deferred revenue	1.9	1.6
Stock compensation expense and 401(k) profit sharing contribution	54.6	39.7
Gain on sale of assets	(19.3)	(10.2)
Income from unconsolidated affiliates	(32.3)	(25.5)
Gain on disposition of discontinued operations - net of taxes	—	(34.9)
Loss (Income) from discontinued operations - net of taxes	0.6	(7.5)
Amortization of debt related costs	7.5	7.0
AFUDC equity	(15.6)	(12.7)
Distributions of earnings received from equity investees	27.6	19.0
Changes in Assets and Liabilities		
Accounts receivable	362.6	318.4
Income tax receivable	2.1	124.6
Inventories	(170.8)	(103.7)
Accounts payable	(218.1)	(177.7)
Customer deposits and credits	70.2	(20.4)
Taxes accrued	(67.7)	(68.0)
Interest accrued	(54.6)	(62.1)
(Under) Overrecovered gas and fuel costs	(19.2)	38.1
Exchange gas receivable/payable	(53.6)	28.1
Other accruals	(29.7)	(36.5)
Prepayments and other current assets	56.1	45.5
Regulatory assets/liabilities	17.1	71.5
Postretirement and postemployment benefits	(102.5)	(95.9)
Deferred credits	13.8	11.1
Deferred charges and other noncurrent assets	1.5	11.8
Other noncurrent liabilities	6.3	(6.3)
Net Operating Activities from Continuing Operations	887.8	1,067.7
Net Operating Activities (used for) from Discontinued Operations	(1.3)	10.9
Net Cash Flows from Operating Activities	886.5	1,078.6
Investing Activities		
Capital expenditures	(1,441.7)	(1,297.3)
Insurance recoveries	6.8	6.4
Proceeds from disposition of assets	7.6	17.9
Restricted cash (deposits) withdrawals	(8.1)	28.5
Contributions to equity investees	(63.8)	(77.1)
Other investing activities	(13.0)	(48.4)
Net Investing Activities used for Continuing Operations	(1,512.2)	(1,370.0)
Net Investing Activities from Discontinued Operations	—	118.7
Net Cash Flows used for Investing Activities	(1,512.2)	(1,251.3)
Financing Activities		
Issuance of long-term debt	748.4	815.3

Repayments of long-term debt and capital lease obligations	(517.1)	(505.2)
Premiums and other debt related costs	—	(3.2)
Change in short-term borrowings, net	612.4	43.9
Issuance of common stock	22.4	36.1
Acquisition of treasury stock	(10.3)	(8.0)
Dividends paid - common stock	(239.2)	(227.6)
Net Cash Flows from Financing Activities	616.6	151.3
Change in cash and cash equivalents used for continuing operations	(7.8)	(151.0)
Cash contributions (to) from discontinued operations	(1.3)	129.6
Cash and cash equivalents at beginning of period	26.8	36.3
Cash and Cash Equivalents at End of Period	\$ 17.7	\$ 14.9

NISOURCE INC/DE

FORM 8-K (Current report filing)

Filed 12/04/14 for the Period Ending 12/03/14

Address	801 EAST 86TH AVE MERRILLVILLE, IN 46410-6272
Telephone	2196475200
CIK	0001111711
Symbol	NI
Fiscal Year	12/31

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 8-K

CURRENT REPORT

**Pursuant To Section 13 OR 15(d) of The
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): December 3, 2014

NiSource Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction
of incorporation or organization)

001-16189

Commission
file number

35-2108964

(I.R.S. Employer
Identification No.)

**801 East 86th Avenue
Merrillville, Indiana**

(Address of principal executive offices)

46410

(Zip Code)

Registrant's telephone number, including area code (877) 647-5990

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions.

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2 (b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4 (c))
-

ITEM 5.02. DEPARTURE OF DIRECTORS OR CERTAIN OFFICERS; ELECTION OF DIRECTORS; APPOINTMENT OF CERTAIN OFFICERS; COMPENSATORY ARRANGEMENTS OF CERTAIN OFFICERS.

(b)

On December 3, 2014, NiSource Inc. (“*NiSource*”) announced plans with respect to the leadership of NiSource and Columbia Pipeline Group, Inc. (“*CPG*”) following the planned separation of the two companies in mid-2015 (the “*Separation*”). According to the announcement, NiSource expects each of the following persons covered by Item 5.02(b) of Form 8-K to resign from his or her position(s) with NiSource to assume the position with CPG indicated in the table below:

<u>Name</u>	<u>Current Position at NiSource</u>	<u>Expected Position at CPG</u>
Robert C. Skaggs, Jr.	President and Chief Executive Officer and Director	Chief Executive Officer, Chairman of the Board and Director
Stephen P. Smith	Executive Vice President and Chief Financial Officer	Executive Vice President and Chief Financial Officer
Glen L. Kettering	Executive Vice President and Group Chief Executive Officer for Columbia Pipeline Group	President
Sigmund L. Cornelius	Director	Director
Marty R. Kittrell	Director	Director
W. Lee Nutter	Director	Director
Deborah S. Parker	Director	Director
Teresa A. Taylor	Director	Director

NiSource expects the directors listed in the table above to resign from their positions as directors of NiSource immediately prior to the Separation, and NiSource expects the officers listed in the table above to resign from their positions as executive officers of NiSource at or prior to the Separation. None of the individuals listed above is resigning from his or her position at NiSource at this time.

The planned appointments of CPG directors are contingent upon the re-election of members of the NiSource board of directors at the 2015 annual meeting of NiSource stockholders.

Forward-Looking Statements

This Current Report on Form 8-K contains forward-looking statements within the meaning of federal securities laws. These forward-looking statements are subject to various risks and uncertainties. Examples of forward-looking statements in this report include statements and expectations regarding the Separation and the leadership of each of NiSource and CPG following the Separation. Factors that could cause actual results to differ materially from those contemplated by the forward-looking statements in this report include, among other things, the timing to consummate the Separation; the risk that a condition to consummation is not satisfied; disruption to operations as a result of the proposed Separation or the proposed initial public offering of Columbia Pipeline Partners LP; the inability of one or more of the businesses to operate independently following the completion of the proposed Separation; weather; fluctuations in supply and demand for energy commodities; growth opportunities for NiSource’s businesses; increased competition in deregulated energy markets; the success of regulatory and commercial initiatives; dealings with third parties over whom NiSource has no control; actual operating experience of NiSource’s assets; the regulatory process; regulatory and legislative changes; changes in general economic, capital and commodity market conditions; and counter-party credit risk, and the matters set forth in the “Risk Factors” section in NiSource’s 2013 Form 10-K and subsequent NiSource filings of Form 10-Q, many of which are beyond the control of NiSource. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this report. NiSource expressly disclaims a duty to update any of the forward-looking statements contained in this report.

The Separation is subject to the satisfaction of a number of conditions, including the final approval of NiSource’s board of directors. There is no assurance that the Separation will in fact occur.

ITEM 7.01. REGULATION FD DISCLOSURE

On December 3, 2014, NiSource issued a press release announcing the expected leadership changes described above. The press release is furnished as Exhibit 99.1 to this report and is incorporated herein by reference.



ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS

(d)

Exhibit Number	Description
99.1	Press Release issued by NiSource Inc. on December 3, 2014

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 hereunto duly authorized.

NiSource Inc.

(Registrant)

Date: December 4, 2014

By:

/s/ Robert E. Smith

Robert E. Smith

Vice President and Corporate Secretary

EXHIBIT INDEX

Exhibit Number	Description
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99.1	Press Release issued by NiSource Inc. on December 3, 2014
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NEWS



FOR IMMEDIATE RELEASE

December 3, 2014

FOR ADDITIONAL INFORMATION

Media

Mike Banas
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Post-separation leaders named for Columbia Pipeline Group, NiSource

- Bob Skaggs, Joe Hamrock expected to lead experienced teams at both companies
- Plans for CPG Board of Directors leadership announced

MERRILLVILLE, Ind . - NiSource Inc. (NYSE: NI) today named key leaders expected to guide Columbia Pipeline Group Inc. (CPG) and NiSource following the planned separation of the two energy companies in mid-2015.

In September 2014, NiSource announced plans to separate its natural gas pipeline and related businesses into a stand-alone publicly traded company, CPG, with NiSource becoming a pure-play regulated natural gas and electric utilities company.

Key leadership appointments for CPG, expected to be effective at the time of separation, include:

- **Robert C. Skaggs Jr.**, currently president and chief executive officer (CEO) of NiSource, is expected to become CEO of CPG.
- **Stephen P. Smith**, currently NiSource executive vice president (EVP) and chief financial officer (CFO), is expected to become EVP and CFO for CPG.
- **Glen L. Kettering**, currently EVP and group CEO for CPG, is expected to assume the new role of president of CPG. Other current members of the CPG senior leadership team also are expected to remain with CPG.

The company also announced expected key post-separation leadership appointments for NiSource:

- **Joseph Hamrock**, currently EVP and group CEO of NiSource's Gas Distribution business unit, will become CEO of NiSource.
 - **Jim L. Stanley**, EVP and group CEO for Northern Indiana Public Service Company (NIPSCO), is expected to serve in the new role of chief operating officer for NiSource, overseeing a variety of functions, including capital program management, major projects and customer and commercial operations.
-

- **Violet G. Sistovaris** , currently NiSource senior vice president (SVP) and chief information officer, is expected to become EVP for NIPSCO, with responsibility for Electric Operations and Regulatory, External Affairs and Communications functions. Among those reporting to Sistovaris will be NIPSCO President **Kathleen O’Leary** .
- A CFO for NiSource is expected to be named in early 2015, following completion of an internal and external candidate review.

“With proven, experienced leaders in place at both companies, NiSource and CPG will be well positioned to thrive and grow as independent entities,” **Richard L. Thompson**, NiSource Board of Directors Chairman, said. “As demonstrated by their strong leadership track records, Bob Skaggs, Joe Hamrock and their respective teams are ideally suited to provide the clarity of vision, depth of experience and strength of character needed to execute on the distinct and well-established growth strategies of both NiSource and CPG.”

As previously announced, NiSource’s corporate headquarters will continue to be in Merrillville, Indiana, while CPG will remain headquartered in Houston, Texas. Additional leadership appointments for both companies will be announced prior to the time of separation.

Expected post-separation CPG board appointments announced

NiSource also today announced plans for initial appointments to the Board of Directors of Columbia Pipeline Group, Inc. (CPG) expected to take effect immediately prior to the planned separation of CPG from NiSource.

Prior to the separation, **Robert C. Skaggs Jr.** is expected to become Chairman of the Board for CPG. Other current members of NiSource’s Board of Directors expected to join the CPG Board include independent board members **Sigmund L. Cornelius, Marty R. Kittrell, W. Lee Nutter, Deborah S. Parker** and **Teresa A. Taylor** . None of these directors is expected to continue to serve on the NiSource Board following the separation.

Expected to continue serving on the NiSource Board following the separation are current independent NiSource board members **Richard L. Thompson** , who is expected to continue serving as Board Chairman, **Richard A. Abdoo, Michael E. Jesanis, Aristides S. Candris** and **Carolyn Y. Woo** . In addition, it is expected that Joe Hamrock will be named to the NiSource Board when he assumes CEO responsibilities for the company.

"We are privileged to have highly experienced and respected individuals prepared to serve on the respective Boards of both NiSource and CPG," Thompson noted. "These boards will each bring a depth of experience, a range of perspectives and a continuity of focus vital to the distinct opportunities and challenges of each company. I am confident these Boards will provide sound independent judgment and guidance to each company’s management teams as they work to build and grow these companies."

These plans are contingent upon the re-election of members of the NiSource Board at the company’s 2015 annual meeting. NiSource also plans to recruit additional members for each Board over the coming months.

Biographies of executives and directors named in this release are included below.

About NiSource

NiSource Inc. (NYSE: NI), based in Merrillville, Ind., is a Fortune 500 company engaged in natural gas transmission, storage and distribution, as well as electric generation, transmission and distribution. NiSource operating companies deliver energy to 3.8 million customers located within the high-demand energy corridor stretching from the Gulf Coast through the Midwest to New England. Information about NiSource and its subsidiaries is available at www.nisource.com.

Forward-Looking Statements

This news release contains forward-looking statements within the meaning of federal securities laws. These forward-looking statements are subject to various risks and uncertainties. Examples of forward-looking statements in this release include statements and expectations regarding the separation and the leadership of each of NiSource Inc. and Columbia Pipeline Group, Inc. following the separation. Factors that could cause actual results to differ materially from those contemplated by the forward-looking statements in this release include, among other things, the timing to consummate the separation; the risk that a condition to consummation is not satisfied; disruption to operations as a result of the proposed separation or the proposed initial public offering of Columbia Pipeline Partners LP; the inability of one or more of the businesses to operate independently following the completion of the proposed separation; weather; fluctuations in supply and demand for energy commodities; growth opportunities for NiSource's businesses; increased competition in deregulated energy markets; the success of regulatory and commercial initiatives; dealings with third parties over whom NiSource has no control; actual operating experience of NiSource's assets; the regulatory process; regulatory and legislative changes; changes in general economic, capital and commodity market conditions; and counter-party credit risk, and the matters set forth in the "Risk Factors" section in NiSource's 2013 Form 10-K and subsequent NiSource filings of Form 10-Q, many of which are beyond the control of NiSource. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this news release. NiSource expressly disclaims a duty to update any of the forward-looking statements contained in this release.

The separation is subject to the satisfaction of a number of conditions, including the final approval of NiSource's Board of Directors. There is no assurance that the separation will in fact occur.

Executive Bios

Joseph Hamrock

Joe Hamrock serves as executive vice president and group CEO for NiSource's Gas Distribution segment, which includes local gas distribution companies in Kentucky, Maryland, Massachusetts, Ohio, Pennsylvania and Virginia. In this role, he has responsibility for all aspects of performance at NiSource's gas distribution operations. In coordination with leadership teams across each of these areas, he focuses on driving the company's long-term growth plan, premised on executing a steady stream of infrastructure improvements and growth investments, synchronized with complementary regulatory and customer program initiatives. Hamrock is a member of NiSource's executive management council, joining NiSource in May of 2012 after serving in a variety of senior executive positions with American Electric Power (AEP), including roles in engineering, transmission and distribution operations, customer service, marketing and information technology. Most recently he served as president and chief operating officer of AEP Ohio. He earned a bachelor's degree in electrical engineering from Youngstown State University in Ohio and a master's degree in business administration from the Massachusetts Institute of Technology in Cambridge, where he was a Sloan fellow. He is a registered professional engineer in Ohio, serves as a trustee for The NiSource Charitable Foundation, the United Way of Central Ohio, YSU STEM College Advisory Council, and the Mt. Carmel College of Nursing.

Glen L. Kettering

Glen Kettering serves as executive vice president and group CEO for Columbia Pipeline Group. He oversees all regulatory, operations and project management for the unit, and is responsible for execution of CPG's capital investment, modernization and growth strategies. Together, the CPG gas transmission, midstream and storage companies operate a 15,000-mile network of natural gas pipelines, 37 storage fields and serve some of the nation's largest and fastest-growing energy markets in the Northeast, Midwest and Mid-Atlantic regions. Before he was appointed CEO in April 2014, Kettering served as senior vice president, Corporate Affairs, where he was responsible for leading NiSource's investor relations, communications and federal government affairs functions. He joined the law department of Columbia Gas Transmission in 1979 and has served in a variety of legal, regulatory, commercial and executive roles, including President of Columbia Gas Transmission and Columbia Gulf Transmission. Kettering earned a bachelor's degree in business administration from West Virginia University and a doctor of jurisprudence degree from the West Virginia University College of Law. He is a member of the Energy Bar Association and the West Virginia State Bar. He also serves as a trustee of the NiSource Charitable Foundation.

Violet G. Sistovaris

Violet Sistovaris is senior vice president and chief information officer at NiSource Inc. She is responsible for providing leadership and direction to NiSource's supply chain services, information technology, real estate and facilities management. Prior to her current position, Sistovaris served as vice president, Customer Contact Centers, since November 2003. While in this position, she was responsible for directing the operation of NiSource's customer contact centers and managing contacts with the company's 3.7 million residential natural gas and electric customers served by NiSource's energy distribution companies. In addition to these responsibilities, Sistovaris's 20 years of experience at NiSource also include positions in the areas of human resources, executive recruiting and management development. Before joining NiSource in 1994, Sistovaris was vice president, Training & Development, at Centier Bank in Merrillville, Ind. Her banking experience centered in the areas of marketing, training and development and sales administration. Sistovaris has served on the board of directors for Opportunity Enterprises, in Valparaiso, Ind. She currently serves on the board of directors for the Girl Scouts of Greater Chicago and Northwest Indiana, where she serves as a member of the strategy committee, fund development committee, the STEM task force and serves as executive advisor to the technology committee. She is also the executive co-sponsor of NiSource's Women in Leadership initiative, designed to provide leadership development and build a pipeline of women leaders. She earned a bachelor's degree in business administration from Valparaiso University and a master's degree in business administration from Indiana University.

Robert C. (Bob) Skaggs Jr.

Bob Skaggs was named president of NiSource in 2004 and added the CEO responsibilities in 2005. Prior to that time, he was executive vice president, Regulated Revenue, for NiSource, responsible for developing regulatory strategies and leading external relations across all of the corporation's 10 energy distribution markets as well as its extensive interstate pipeline system. He also led regulated commercial activities including large customer and marketer relations and energy supply services, as well as federal governmental relations. Skaggs joined the law department of Columbia Gas Transmission in 1981 and served in various management positions until he became president of Columbia Gas of Ohio and Columbia Gas of Kentucky in 1996. Effective with the November 2000 merger of NiSource and Columbia Energy Group, he added the responsibilities of president of Bay State Gas and Northern Utilities. In December 2001, his role was further expanded to include the duties of president and CEO of the Columbia companies in Pennsylvania, Virginia and Maryland. He was promoted to executive vice president, Regulated Revenue, for NiSource in October 2003. Bob is a member of the National Safety Council's board of directors and serves on the board of trustees at Universities Research Association, Inc. He also is past chairman and current director of the American Gas Association's board of directors, and has served on the board of directors of the Southeastern Gas Association. He is a member of the Midwest Energy Association, the American Bar Association, the Energy Bar Association and the West Virginia Bar Association. He also is a trustee of the NiSource Charitable Foundation, and has served in leadership roles for a variety of charitable, community and civic efforts. He earned a bachelor's degree in economics from Davidson College, a law degree from West Virginia University College of Law and a master's degree in business administration from Tulane University.

Stephen P. Smith

Steve Smith is executive vice president and chief financial officer of NiSource Inc. He is responsible for the company's finance and shared services functions. Smith has more than 25 years of experience in financial leadership roles in the energy industry. He has held senior-level positions with American Electric Power Co. (AEP) and the Columbia Energy Group (CEG). At AEP, Smith served as senior vice president of Shared Services, where he had responsibility for Business Logistics, Human Resources, Information Technology and Telecommunications. From 2003 to 2007, he was senior vice president and treasurer for AEP, leading the Accounting, Budgeting, Planning, Risk Management, Strategy, Tax and Treasury functions. Before joining AEP, Smith served in a progression of finance and executive leadership roles at CEG and NiSource Corporate Services Company, where he managed shared services functions and oversaw the integration of corporate functions following the merger of NiSource and CEG. Smith earned a Master of Business Administration degree from the University of Chicago Graduate School of Business and a Bachelor of Science degree in Petroleum Engineering from the Colorado School of Mines. He serves as a Director and Audit Committee member of Natural Resource Partners, L.P., a publicly traded master limited partnership. Steve also is a Board Member of the Columbus Metropolitan Library Foundation and serves on its Finance & Audit Committee. He also serves as a trustee of the NiSource Charitable Foundation.

Jim L. Stanley

Jim Stanley is executive vice president and group CEO for NiSource's Indiana gas and electric utility, Northern Indiana Public Service Company (NIPSCO). In this role, Stanley oversees all regulatory, operations and project management, and is responsible for execution of the business unit's capital investment and growth strategies. NIPSCO serves more than 786,000 natural gas customers and 457,000 electric customers across the northern third of Indiana and is the largest natural gas distribution company and the second largest electric distribution company in the state. Stanley is a member of NiSource's executive management council, joining NiSource in October 2012. He comes to NiSource after serving in a variety of senior executive positions in the utility industry, most recently as senior vice president and chief distribution officer for Duke Energy's U.S. electric business. In this role, he had oversight of the electric distribution system for the company's five-state service area. Previously, he served as president of Duke Energy Indiana, the state's largest electric service provider. His 35-year career with PSI Energy, Cinergy and Duke Energy includes assignments in a variety of departments from accounting to human resources to operations management. Stanley has served in leadership roles in a number of Indiana community and business organizations, including the Central Indiana Corporate Partnership, the Indiana Chamber of Commerce, the Greater Indianapolis Chamber of Commerce, United Way of Central Indiana, Indiana Manufacturing Association and the Indiana Energy Association. He also serves as a trustee of the NiSource Charitable Foundation and a member of the executive advisory board of the Miller College of Business at Ball State University. Stanley attended Ball State University, where he earned a Bachelor of Science degree in Accounting.

Board Member Bios**Richard A. Abdoo**

NiSource Director since 2008. Since May 2004, Mr. Abdoo has been President of R.A. Abdoo & Co. LLC, Milwaukee, Wisconsin, an environmental and energy consulting firm. Prior thereto, Mr. Abdoo was Chairman and Chief Executive Officer of Wisconsin Energy Corporation from 1991 until his retirement in April 2004. He also served as President of Wisconsin Energy Corporation from 1991 to April 2003. Mr. Abdoo is also a director of A.K. Steel Corporation and ZBB Energy Corp. By virtue of his former positions as Chairman and Chief Executive Officer of a large electric and gas utility holding company, as well as his current positions as director of one other energy-related company and a steel maker that is a major user of energy, Mr. Abdoo has expertise and experience with the issues facing the energy industry in general and public utilities in particular. As a former chief executive officer, Mr. Abdoo has a deep understanding about the issues facing executive management of a major corporation. Mr. Abdoo's credentials as a registered professional engineer in several states allow him to offer a unique technical

perspective on certain issues under consideration by the NiSource Board. As a long-time champion of humanitarian and social causes, including on behalf of the Lebanese-American community, Mr. Abdoo brings expertise and understanding with respect to social issues confronting the Company. His commitment to and work on behalf of social causes earned him the Ellis Island Medal of Honor, presented to Americans of diverse origins for their outstanding contributions to their own ethnic groups and to American society.

Aristides S. Candris

NiSource Director since 2012. Dr. Candris was President and Chief Executive Officer of Westinghouse Electric Company, Pittsburgh, Pennsylvania, a unit of Tokyo-based Toshiba Corp., from July 2008 until his retirement in March 2012. During his 36 years of service at Westinghouse, Dr. Candris served in various positions, including Senior Vice President, Nuclear Fuel from September 2006 to July 2008. Dr. Candris was also on the board of Westinghouse until October 2012 and is a director of Kurion, Inc. Dr. Candris is a nuclear scientist and engineer, and has significant experience gained through leading a global nuclear power company. His knowledge of the electric industry gives him significant insight on the issues impacting the electric utility industry. His experience managing highly technical engineering operations is valuable as we build and maintain facilities to address increasing environmental regulations and make long-term strategic decisions on electric power generation. His technical and management skills are helpful as we build and modernize both our transmission and distribution systems. Dr. Candris' experience developing customer focused programs and attaining excellence in business processes and behaviors is insightful as we better meet the increasing expectations of customers and regulators. He serves on the Boards of Carnegie Mellon University and Transylvania University. He also serves on the Board of Directors for the World Nuclear Association and The Hellenic Initiative.

Sigmund L. Cornelius

NiSource Director since 2011. Since April 2014, Mr. Cornelius has been President and Chief Operating Officer of Freeport LNG, LLC. From October 2008 to January 2011, Mr. Cornelius served as Senior Vice President, Finance and Chief Financial Officer of ConocoPhillips, Houston, Texas, an integrated energy company. During his 30-year tenure at ConocoPhillips, Mr. Cornelius served in various positions, including Senior Vice President, Planning, Strategy and Corporate Affairs from September 2007 to October 2008; Regional President, Exploration & Production-Lower 48 from 2006 to September 2007; and President, Global Gas from 2004 to 2006. Mr. Cornelius served on the board of DCP Midstream L.P. from 2007 to 2008 and is also a director of USEC, Inc., Carbo Ceramics Inc., Western Refining, Inc. and Parallel Energy Inc. Mr. Cornelius has significant experience in the oil and natural gas industry, which enables him to provide valuable insight on issues impacting our pipeline business. He also has significant experience in exploration, production as well as the midstream business, which is valuable to us as we expand our presence in the Utica and Marcellus Shale gas plays. In addition, as the former Chief Financial Officer of a public company, he has extensive experience and skills in the areas of corporate finance, accounting, strategic planning and risk oversight.

Michael E. Jesanis

NiSource Director since 2008. Since July 2013, Mr. Jesanis has been a co-founder and Managing Director of HotZero, LLC, a firm formed to develop hot water district energy systems in New Hampshire. Mr. Jesanis has also, since November 2007, been a principal with Serrafix, Boston, Massachusetts, a firm providing energy efficiency consulting and implementation services, principally to municipalities. Mr. Jesanis also serves as an advisor to several startups in energy related fields. From July 2004 through December 2006, Mr. Jesanis was President and Chief Executive Officer of National Grid USA, a natural gas and electric utility, and a subsidiary of National Grid plc, of which Mr. Jesanis was also an Executive Director. Prior to that, Mr. Jesanis was Chief Operating Officer of National Grid USA from January 2001 to July 2004. Mr. Jesanis also is a director of Ameresco, Inc. By virtue of his former positions as President and Chief Executive Officer, Chief Operating Officer and, prior thereto, Chief Financial Officer of a major electric and gas utility holding company, as well as his current role with an energy efficiency consulting firm, Mr. Jesanis has broad and deep experience with regulated utilities. He has strong financial acumen and extensive managerial experience, having led modernization efforts in the areas of operating infrastructure improvements, customer service enhancements and management-team development. Mr. Jesanis also demonstrates a commitment to education as the former chair of the board of a college and a current trustee (and past chair of the audit committee) of a university. As a result of his former senior managerial roles and his non-profit board service, Mr. Jesanis also has particular expertise with board governance issues.

Marty R. Kittrell

NiSource Director since 2007. In February 2011, Mr. Kittrell retired as Executive Vice President & Chief Financial Officer of Dresser, Inc. ("Dresser"), Addison, Texas, after serving in that capacity since December 2007. Dresser, a worldwide leader in providing highly engineered products for the global energy industry, was acquired by General Electric in February 2011. Prior to joining Dresser, Mr. Kittrell was Executive Vice President and Chief Financial Officer of Andrew Corporation from October 2003 to December 2007. Mr. Kittrell is also a director of On Assignment, Inc. Mr. Kittrell brings to the Board over 25 years of experience as a Chief Financial Officer. He has served in the role of Chief Financial Officer at several public companies. As a result of this experience, he has significant expertise with financial reporting issues facing the Company, including Securities and Exchange Commission reporting, and Sarbanes-Oxley internal control design and implementation. His recent position with a company that supplies infrastructure products to the energy industry gives Mr. Kittrell a particular familiarity with the issues facing the Company's gas transmission and storage and gas distribution businesses. Mr. Kittrell also has extensive experience with mergers and acquisitions and capital markets transactions. He formerly practiced accounting with a national accounting firm and is an active member of the American Institute of CPAs, the National Association of Corporate Directors, and Financial

Executives International. Mr. Kittrell also shows a commitment to education through his service on the board of trustees of a university.

W. Lee Nutter

NiSource Director since 2007. Prior to his retirement in 2007, Mr. Nutter was Chairman, President and Chief Executive Officer of Rayonier, Inc., Jacksonville, Florida, a leading supplier of high performance specialty cellulose fibers and owner of timberlands and other higher value land holdings. Mr. Nutter was a director of Rayonier, Inc. from 1996 to 2009. He is also a director of Republic Services Inc. and the non-executive Chairman of J.M. Huber Corporation. He is also a member of the Advisory Board at the University of Washington Foster School of Business. Mr. Nutter's former positions as Chairman and Chief Executive Officer of a forest products company, and his current positions as director of one company engaged in waste management and another involved in the forest products and energy industries, give him a particular familiarity with the issues involved in managing natural resources. These issues include compliance with environmental laws and exercising responsible environmental stewardship. Mr. Nutter also has an extensive background and familiarity in human resource and compensation issues, which complements well his service as chair of the Company's Officer Nomination and Compensation Committee. In addition, as a former Chief Executive Officer, Mr. Nutter understands how to address the complex issues facing major corporations.

Deborah S. Parker

NiSource Director since 2007. Ms. Parker worked at Alstom Power, a business segment of Alstom, until 2014 where she served as Senior Vice President, Quality and Environmental, Health and Safety. From April 2008 until April 2011, Ms. Parker was President and Chief Executive Officer of International Business Solutions, Inc. ("IBS"), Washington, D.C., a provider of strategic planning and consulting services to profit and not-for-profit organizations. Before joining IBS, Ms. Parker was Executive Vice President and Chief Operations Officer of the National Urban League from July 2007 through April 2008. Prior thereto, Ms. Parker served in numerous operating positions, including Vice President of Global Quality at Ford Motor Company. During her tenure at Ford, Ms. Parker also served as Chief Executive Officer and Group Managing Director at Ford Motor Company of Southern Africa (Pty) Ltd. from September 2001 to December 2004. Ms. Parker brings a unique combination of community development and industrial management experience to the Board. As a Senior Vice President of quality, environmental, health and safety of a global power generation firm, she brings knowledge and understanding of operations, health and safety issues that are valuable to us as we execute on our commitment to increase our investment in environmental projects and focus on safety. As a former Chief Executive Officer of a consulting firm and Chief Operating Officer of a national civil rights organization dedicated to economic empowerment of historically underserved urban communities, Ms. Parker brings expertise and understanding with respect to the social and economic issues confronting the Company and the communities it serves. As a result of her 23-year career at a global manufacturing company, Ms. Parker has extensive experience managing industrial operations, including turning around several struggling business units, finding innovative solutions to management and union issues, implementing quality control initiatives and rationalizing manufacturing and inventory. This experience positions her well to provide valuable insights on the Company's operations and processes, as well as on social issues confronting the Company.

Teresa A. Taylor

NiSource Director since 2012. Ms. Taylor is currently Chief Executive Officer of Blue Valley Advisors, LLC. Ms. Taylor served as Chief Operating Officer of Qwest Communications, Inc. ("Qwest"), Denver, Colorado, from August 2009 to April 2011. Prior thereto, she was Executive Vice President, Business Markets Group from January 2008 to April 2009 and served as Executive Vice President and Chief Administrative Officer from December 2005 to January 2008. Ms. Taylor served in various positions with Qwest and the former US West since 1987. Ms. Taylor also is a director of T-Mobile USA, Inc. and First Interstate BancSystem, Inc. In her position as Chief Operating Officer, Ms. Taylor was responsible for the daily operations of a publicly traded telecommunications company. In this role, she led a senior management team responsible for field support, technical development, sales, marketing, customer support and information technology systems. During her 24-year tenure with Qwest and US West, she held various leadership positions responsible for strategic planning and execution, sales, marketing, product development, human resources, corporate communications and social responsibility. Ms. Taylor is keenly aware of the technical and managerial skills necessary to operate a customer service company in a complex regulatory and competitive business environment. This experience provides valuable insights to the Company as it operates in multiple regulatory environments and develops products and customer service programs to meet the expectations of our customers.

Richard L. Thompson

NiSource Director since 2004; Independent Chairman of the NiSource Board since May 2013. Prior to his retirement in 2004, Mr. Thompson was Group President, Caterpillar Inc., Peoria, Illinois, a leading manufacturer of construction and mining equipment, diesel and natural gas engines and industrial gas turbines. Mr. Thompson also is lead director of Lennox International, Inc. In his prior role as Group President of a large, publicly traded manufacturing company, Mr. Thompson had responsibility for its gas turbine and reciprocating engine business, as well as research and development activities. By virtue of this and prior positions, Mr. Thompson possesses significant experience in energy issues generally and gas turbine electric power generation and natural gas pipeline compression in particular. He is a graduate electrical engineer with experience in electrical transmission system design and generation system planning. This experience provides Mr. Thompson a valuable understanding of technical issues faced by the Company.

Carolyn Y. Woo

NiSource Director since 1998. Since January 2012, Dr. Woo has been President and Chief Executive Officer of Catholic Relief Services, the international humanitarian agency of the Catholic community in the United States. Prior thereto, Dr. Woo was Martin J. Gillen Dean and Ray and Milann Siegfried Professor of Entrepreneurial Studies, Mendoza College of Business, University of Notre Dame, Notre Dame, Indiana. Dr. Woo is also a director of AON Corporation and was a director of Circuit City, Inc. until 2009. Dr. Woo's current position as President and Chief Executive Officer of an international organization provides her with knowledge and experience in managing a large organization. Her experience as the dean of a major business school and her experience as a professor of entrepreneurship provided her a deep understanding of business principles and extensive expertise with management and strategic planning issues. Through her current and previous service on the boards of directors, audit committees and compensation committees of a number of public companies, including a global reinsurance and risk management consulting company, a pharmaceutical distribution company, an international automotive manufacturer, a financial institution and a major electronics retailer, Dr. Woo has developed an excellent understanding of corporate governance, internal control, financial and strategic analysis and risk management issues. Dr. Woo is a leader in the areas of corporate social responsibility and sustainability, which adds an important perspective to the Company. She is also a current and past board member of several non-profit organizations, including an international relief organization, a global business school accreditation organization, leadership development organizations and an educational organization. This commitment to social and educational organizations provides Dr. Woo with an additional important perspective on the various community and social issues confronting the Company in the various communities that the Company serves.

NISOURCE INC/DE

FORM 8-K (Current report filing)

Filed 12/05/14 for the Period Ending 12/05/14

Address	801 EAST 86TH AVE MERRILLVILLE, IN 46410-6272
Telephone	2196475200
CIK	0001111711
Symbol	NI
Fiscal Year	12/31

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 8-K

CURRENT REPORT

**Pursuant To Section 13 OR 15(d) of The
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): December 5, 2014

NiSource Inc.

(Exact name of registrant as specified in its charter)

Delaware

**(State or other jurisdiction
of incorporation or organization)**

001-16189

**Commission
file number**

35-2108964

**(I.R.S. Employer
Identification No.)**

**801 East 86th Avenue
Merrillville, Indiana**

(Address of principal executive offices)

46410

(Zip Code)

Registrant's telephone number, including area code (877) 647-5990

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions.

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2 (b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4 (c))
-

ITEM 1.01. ENTRY INTO A MATERIAL DEFINITIVE AGREEMENT

On December 5, 2014, NiSource Finance Corp. (“NiSource Finance”), as borrower, and NiSource Inc. (the “Company”), as guarantor, entered into a Third Amended and Restated Revolving Credit Agreement (the “Agreement”) with the lenders party thereto, Barclays Bank PLC, as Administrative Agent, Credit Suisse Securities (USA) LLC, as Syndication Agent, The Bank of Tokyo-Mitsubishi UFJ Ltd., Citibank, N.A. and JPMorgan Chase Bank, N.A., as Co-Documentation Agents, and Barclays Bank PLC, Credit Suisse Securities (USA) LLC, The Bank of Tokyo-Mitsubishi UFJ, Ltd., Citigroup Global Markets, Inc. and J.P. Morgan Securities LLC, as Joint Lead Arrangers and Joint Bookrunners. The Agreement will become effective if and when the Company completes the previously announced proposed separation of its natural gas pipeline and related businesses into a stand-alone publicly traded company, Columbia Pipeline Group, Inc. (“CPG”), which is expected to occur in mid-2015 (the “CPG Separation”). At that time, the Agreement will amend NiSource Finance’s existing \$2.0 billion Revolving Credit Agreement to reduce the facility by \$500 million to \$1.5 billion and to extend the term until the fifth anniversary of the effective date. Up to \$250 million of the facility will be available in the form of standby letters of credit. The Agreement provides that revolving loans will bear interest at the option of the Company at:

- a rate equal to (A) the Alternate Base Rate (which is a floating rate equal to the highest of (i) the prime rate of interest announced by the Administrative Agent from time to time, (ii) the Federal Funds Rate in effect from time to time + 0.50% and (iii) one-month reserve adjusted Eurodollar rate + 1.0%) plus (B) an applicable margin (which applicable margin would be 27.5 basis points, based on the Company’s current ratings), or
- a rate equal to (A) the 1 week or 1, 2, 3 or 6-month Eurodollar rate plus (B) an applicable margin (which applicable margin would be 127.5 basis points, based on the Company’s current ratings).

Other than decreasing the size of the facility, extending the term and providing for the separation of CPG, the Agreement substantially restates the existing Second Amended and Restated Revolving Credit Agreement.

A copy of the Company’s press release is attached to this report as Exhibit 99.1 and is incorporated by reference to this Item 1.01.

ITEM 2.03. CREATION OF A DIRECT FINANCIAL OBLIGATION OR AN OBLIGATION UNDER AN OFF-BALANCE SHEET ARRANGEMENT OF A REGISTRANT

The information set forth under Item 1.01 of this Current Report on Form 8-K is incorporated by reference herein.

ITEM 8.01. OTHER EVENTS

On December 5, 2014, CPG, as borrower, entered into a Revolving Credit Agreement (the “CPG Agreement”) with the lenders party thereto, JPMorgan Chase Bank, N.A., as Administrative Agent, Citibank, N.A., as Syndication Agent, Barclays Bank PLC, The Bank of Nova Scotia and BNP Paribas, as Co-Documentation Agents, and Barclays Bank PLC, Citigroup Global Markets, Inc., The Bank of Nova Scotia, BNP Paribas and J.P. Morgan Securities LLC, as Joint Lead Arrangers and Joint Bookrunners. The CPG Agreement will become effective if and when the Company completes the CPG Separation. At that time, the CPG Agreement will become effective and CPG will have aggregate commitments from the lenders to make revolving loans of up to \$1.5 billion at any time outstanding. The commitments will terminate and revolving loans will mature on the fifth anniversary of the effective date. Up to \$250 million of the facility will be available in the form of standby letters of credit. The CPG Agreement provides that revolving loans will bear interest at the option of the Company at:

- a rate equal to (A) the Alternate Base Rate (which is a floating rate equal to the highest of (i) the prime rate of interest announced by the Administrative Agent from time to time, (ii) the Federal Funds Rate in effect from time to time + 0.50% and (iii) one-month reserve adjusted Eurodollar rate + 1.0%) plus (B) an applicable margin based on the credit ratings of CPG, or
- a rate equal to (A) the 1 week or 1, 2, 3 or 6-month Eurodollar rate plus (B) an applicable margin based on the credit ratings of CPG.

Commencing on the effective date, CPG will be subject to various customary covenants and restrictive provisions which will, among other things, limit CPG and its restricted subsidiaries’ ability to incur additional indebtedness, guarantees and liens; consolidate, merge or transfer all or substantially all of our assets; make certain investments or restricted payments; modify certain material agreements; engage in certain types of transactions with affiliates; dispose of assets; and prepay certain

indebtedness, each of which covenants will be subject to customary and usual exceptions and baskets, including an exception to the limitation on restricted payments for distributions of available cash, as permitted by CPG's organizational documents.

The CPG Agreement also contains certain financial covenants that will require CPG to maintain (a) a consolidated total leverage ratio that does not exceed (i) 5.75 to 1.00 for the period of four consecutive fiscal quarters ("test period") ending December 31, 2015, (ii) 5.50 to 1.00 for any test period ending after December 31, 2015 and on or before December 31, 2017, and (iii) 5.00 to 1.00 for any test period ending after December 31, 2017, provided that after December 31, 2017 and during a Specified Acquisition Period (as defined in the CPG Agreement), the leverage ratio shall not exceed 5.50 to 1.00 and (b) until CPG has received an investment grade rating, a Consolidated Interest Coverage Ratio (as defined in the CPG Agreement) of no less than 3.00 to 1.00.

In addition, on December 5, 2014, Columbia Pipeline Partners LP ("CPPL"), a subsidiary of the Company and CPG, as borrower, entered into a Revolving Credit Agreement (the "CPPL Agreement") with the lenders party thereto, Wells Fargo Bank, National Association, as Administrative Agent, The Bank of Tokyo-Mitsubishi UFJ Ltd., as Syndication Agent, Credit Suisse Securities (USA) LLC and Royal Bank of Canada, as Co-Documentation Agents, and Wells Fargo Securities, LLC, The Bank of Tokyo-Mitsubishi UFJ Ltd., Credit Suisse Securities (USA) LLC and Royal Bank of Canada, as Joint Lead Arrangers and Joint Bookrunners. The CPPL Agreement will become effective if and when CPPL completes its proposed initial public offering of common units. At that time, the CPPL Agreement will become effective and CPPL will have aggregate commitments from the lenders to make revolving loans of up to \$500 million at any time outstanding. The commitments will terminate and revolving loans will mature on the fifth anniversary of the effective date. Up to \$50 million of the facility will be available in the form of standby letters of credit. The CPPL Agreement provides that revolving loans will bear interest at the option of the Company at:

- a rate equal to (A) the Alternate Base Rate (which is a floating rate equal to the highest of (i) the prime rate of interest announced by the Administrative Agent from time to time, (ii) the Federal Funds Rate in effect from time to time + 0.50% and (iii) one-month reserve adjusted Eurodollar rate + 1.0%) plus (B) an applicable margin based on the credit ratings of NiSource until such time as CPG has obtained credit ratings, and based on the credit ratings of CPG thereafter, or
- a rate equal to (A) the 1 week or 1, 2, 3 or 6-month Eurodollar rate plus (B) an applicable margin based on the credit ratings of NiSource until such time as CPG has obtained credit ratings, and based on the credit ratings of CPG thereafter.

The Company, as well as CPG and certain of its subsidiaries, will be guarantors of the indebtedness under the CPPL Agreement as of the effective date. The guaranty by the Company shall be automatically released at such time as CPG shall have obtained credit ratings from each of Moody's and S&P or upon completion of the CPG Separation, whichever occurs first.

Commencing on the effective date, CPPL will be subject to various covenants and restrictive provisions which will, among other things, limit CPPL and its restricted subsidiaries' ability to incur additional indebtedness, guarantees and liens; consolidate, merge or transfer all or substantially all of our assets; make certain investments or restricted payments; modify certain material agreements; engage in certain types of transactions with affiliates; dispose of assets; and prepay certain indebtedness, each of which covenants will be subject to customary and usual exceptions and baskets, including an exception to the limitation on restricted payments for distributions of available cash, as permitted by CPPL's organizational documents.

The CPPL Agreement also contains certain financial covenants that will require CPPL to maintain (a) a consolidated total leverage ratio that does not exceed (i) 5.75 to 1.00 for the period of four consecutive fiscal quarters ("test period") ending December 31, 2015, (ii) 5.50 to 1.00 for any test period ending after December 31, 2015 and on or before December 31, 2017, and (iii) 5.00 to 1.00 for any test period ending after December 31, 2017, provided that after December 31, 2017 and during a Specified Acquisition Period (as defined in the CPPL Agreement), the leverage ratio shall not exceed 5.50 to 1.00 and (b) until CPG has received an investment grade rating, a Consolidated Interest Coverage Ratio (as defined in the CPPL Agreement) of no less than 3.00 to 1.00.

A copy of the Company's press release is attached to this report as Exhibit 99.1 and is incorporated by reference to this Item 8.01.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press Release issued by NiSource Inc. on December 5, 2014

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 hereunto duly authorized.

NiSource Inc.

(Registrant)

Date: December 5, 2014

By:

/s/ David J. Vajda

David J. Vajda

Vice President, Treasurer and Chief Risk Officer

EXHIBIT INDEX

Exhibit Number	Description
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99.1	Press Release issued by NiSource Inc. on December 5, 2014
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NEWS

NiSource[®]
801 E. 86th Avenue
Merrillville, IN 46410

FOR IMMEDIATE RELEASE

December 5, 2014

FOR ADDITIONAL INFORMATION

Media

Mike Banas
Communications Manager
(219) 647-5581
mbanas@nisource.com

Investors

Randy Hulen
Vice President, Investor Relations
(219) 647-5688
rghulen@nisource.com

NiSource closes on revolving credit facilities to support post-separation operations

- Amended \$1.5 billion facility at NiSource
- New \$1.5 billion facility at Columbia Pipeline Group
- New \$500 million facility at Columbia Pipeline Partners

MERRILLVILLE, Ind . - NiSource Inc. companies today closed on a combined \$3.5 billion of revolving credit capacity in three, five-year facilities.

The majority of the capacity, \$1.5 billion each at NiSource and Columbia Pipeline Group, Inc., will become effective following the proposed separation of NiSource's natural gas pipeline business into a stand-alone publicly traded company. The post-separation NiSource facility will amend and replace the company's existing \$2.0 billion revolving credit agreement. Both facilities will be used for working capital and other general corporate purposes.

"Having these credit facilities in place now helps ensure both companies are ready to operate independently upon separation and beyond," NiSource President and CEO **Robert C. Skaggs Jr.** said. "These facilities align with each company's anticipated liquidity needs and support the recapitalization plan we outlined in September."

The \$500 million facility at Columbia Pipeline Partners LP will become effective if and when the partnership completes its proposed initial public offering of common units.

Details of the facilities, including lenders involved, can be found in the Form 8-K filed today with the U.S. Securities & Exchange Commission.

About NiSource

NiSource Inc. (NYSE: NI), based in Merrillville, Ind., is a Fortune 500 company engaged in natural gas transmission, storage and distribution, as well as electric generation, transmission and distribution. NiSource operating companies deliver energy to 3.8 million customers located within the high-demand energy corridor

stretching from the Gulf Coast through the Midwest to New England. Information about NiSource and its subsidiaries is available at www.nisource.com. NI-F

Forward-Looking Statements

This news release contains forward-looking statements within the meaning of federal securities laws. These forward-looking statements are subject to various risks and uncertainties. Examples of forward-looking statements in this release include statements and expectations regarding the separation. Factors that could cause actual results to differ materially from those contemplated by the forward-looking statements in this release include, among other things, the timing to consummate the separation; the risk that a condition to consummation is not satisfied; disruption to operations as a result of the proposed separation or the proposed initial public offering of Columbia Pipeline Partners LP; the inability of one or more of the businesses to operate independently following the completion of the proposed separation; weather; fluctuations in supply and demand for energy commodities; growth opportunities for NiSource's businesses; increased competition in deregulated energy markets; the success of regulatory and commercial initiatives; dealings with third parties over whom NiSource has no control; actual operating experience of NiSource's assets; the regulatory process; regulatory and legislative changes; changes in general economic, capital and commodity market conditions; and counter-party credit risk, and the matters set forth in the "Risk Factors" section in NiSource's 2013 Form 10-K and subsequent NiSource filings of Form 10-Q, many of which are beyond the control of NiSource. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this news release. NiSource expressly disclaims a duty to update any of the forward-looking statements contained in this release.

The separation is subject to the satisfaction of a number of conditions, including the final approval of NiSource's Board of Directors. There is no assurance that the separation will in fact occur.

NISOURCE INC/DE

FORM 8-K (Current report filing)

Filed 02/18/15 for the Period Ending 02/18/15

Address	801 EAST 86TH AVE MERRILLVILLE, IN 46410-6272
Telephone	2196475200
CIK	0001111711
Symbol	NI
Fiscal Year	12/31

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 8-K

CURRENT REPORT

**Pursuant To Section 13 OR 15(d) of The
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): February 18, 2015

NiSource Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction
of incorporation or organization)

001-16189

Commission
file number

35-2108964

(I.R.S. Employer
Identification No.)

**801 East 86th Avenue
Merrillville, Indiana**

(Address of principal executive offices)

46410

(Zip Code)

Registrant's telephone number, including area code (877) 647-5990

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions.

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2 (b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4 (c))
-

ITEM 2.02. RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On February 18, 2015, NiSource Inc. (the “Company”) reported its financial results for the quarter ended December 31, 2014. The Company’s press release, dated February 18, 2015, is attached as Exhibit 99.1.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits

Exhibit Number	Description
99.1	Press Release, dated February 18, 2015, issued by NiSource Inc.

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 hereunto duly authorized.

NiSource Inc.

(Registrant)

Date: February 18, 2015

By:

/s/ Joseph W. Mulpas

Joseph W. Mulpas
Vice President and Chief Accounting Officer

EXHIBIT INDEX

Exhibit Number	Description
99.1	Press Release, dated February 18, 2015, issued by NiSource Inc.

NEWS



801 E. 86th Avenue
Merrillville, IN 46410

February 18, 2015

FOR ADDITIONAL INFORMATION

Media

Mike Banas
Communications Manager
(219) 647-5581
mbanas@nisource.com

Investors

Randy Hulén
Vice President, Investor Relations
(219) 647-5688
rghulen@nisource.com

NiSource Reports 2014 Earnings

- Results exceed 2014 guidance range
- Infrastructure investment, regulatory programs driving continued growth
- Columbia Pipeline Partners IPO completed successfully
- Separation remains on track for mid-2015
- Projected long-term growth rates highlighted for both NiSource and Columbia Pipeline Group

MERRILLVILLE, Ind. - NiSource Inc. (NYSE: NI) today announced net operating earnings from continuing operations (non-GAAP) of \$542.5 million, or \$1.72 per share, for the twelve months ended December 31, 2014, compared to net operating earnings from continuing operations (non-GAAP) of \$493.9 million, or \$1.58 per share in 2013 - representing an 8.9 percent year-over-year increase. Consolidated operating earnings (non-GAAP) for the twelve months ended December 31, 2014, were \$1,270.3 million compared to \$1,146.3 million in 2013.

On a GAAP basis, NiSource reported income from continuing operations for the twelve months ended December 31, 2014, of \$530.7 million, or \$1.68 per share, compared with \$490.9 million, or \$1.57 per share in 2013. Operating income was \$1,262.4 million for the twelve months ended December 31, 2014, compared with \$1,143.4 million in 2013. Refer to Schedule 2 for the items included in 2014 and 2013 GAAP operating income but excluded from operating earnings.

For the three months ended December 31, 2014, NiSource's net operating earnings (non-GAAP) were \$160.7 million, or \$0.51 per share, compared with \$148.7 million, or \$0.47 per share for the same period in 2013. On a GAAP basis, income from continuing operations for the three months ended December 31, 2014, was \$154.3 million, or \$0.49 per share, compared with \$153.0 million, or \$0.49 per share, for the same period in 2013.

"2014 was truly a watershed year for NiSource, anchored by focused execution of our well-established infrastructure investments and the initiation of strategic and transformational growth plans," NiSource President & Chief Executive Officer **Robert C. Skaggs, Jr.** said. "Supported by a record \$2.2 billion capital investment program, NiSource again delivered on our earnings

commitments and, for the sixth consecutive year, produced total returns for shareholders that exceeded the performance of the major utility indices.”

In addition to the notable achievements in 2014, NiSource successfully completed the initial public offering (IPO) of common units in **Columbia Pipeline Partners LP** (NYSE: CPPL) on February 11, 2015. Columbia Pipeline Partners issued a press release outlining its pre-IPO financial results for 2014 this morning.

Columbia Pipeline Group separation plans on track

On September 28, 2014, NiSource announced that its Board of Directors approved, in principle, plans to separate its natural gas pipeline and related businesses into a stand-alone, publicly traded company, Columbia Pipeline Group (CPG).

The separation remains on schedule, with a preliminary Form 10 for CPG filed with the U.S. Securities & Exchange Commission on February 6, 2015. Key expected board members and executive team members for both companies were announced in late 2014 and early 2015. NiSource also entered into two \$1.5 billion revolving credit facilities in December to support the liquidity needs of both NiSource and CPG following the separation. Both facilities will become effective at the time of the separation. In addition, Columbia Pipeline Partners entered into a \$500 million facility effective with the completion of its initial public offering. The post-separation NiSource facility will amend and replace the company's existing \$2.0 billion revolving credit agreement.

“We remain on track to complete the transition in mid-2015,” Skaggs said. “Following the separation, both companies are expected to move forward as independent, investment-grade, pure-play entities with experienced teams focused on executing - and elevating - multi-billion-dollar infrastructure investment plans.”

The recapitalization process associated with the separation is expected to take place in the second quarter of 2015. As outlined at NiSource’s September Investor Day, the recapitalization process will include CPG issuing its own long-term debt prior to the separation to fund a one-time cash distribution to NiSource, which will ultimately reduce NiSource’s net debt. NiSource shareholders would retain their current shares of NiSource stock and receive a pro-rata dividend of shares of CPG stock in a transaction that is expected to be tax-free to NiSource and its shareholders. The actual number of CPG shares that would be distributed to NiSource shareholders will be determined prior to closing.

Robust long-term investment and growth outlooks for both companies

NiSource’s natural gas and electric utilities have identified approximately \$30 billion in infrastructure investment opportunities over the next 20-plus years. These investments, paired with complementary regulatory and customer programs, are expected to deliver long-term earnings and dividend growth averaging 4-6 percent per year. NiSource’s infrastructure investment inventory is focused on core utility modernization and expansion projects that provide tangible value to customers and communities. NiSource’s utility capital investments are expected to reach approximately \$1.3 billion in 2015.

CPG has developed a significant portfolio of organic growth investment opportunities that complement its seminal customer-supported system modernization program. Those opportunities are expected to result in approximately \$12-\$15 billion in growth capital investment over the next 10 years. These infrastructure projects, many of which are already under way, are expected to drive significant increased net investment, resulting in anticipated annual adjusted EBITDA growth in the mid-to-upper-teens over the next several years. CPG's annual dividend growth is expected to be commensurate with this adjusted EBITDA growth. In 2015, CPG’s capital investments are expected to reach approximately \$1.1 billion, up from approximately \$850 million in 2014.

Beyond the projected long-term annual growth and 2015 capital investment rates provided above, NiSource is not providing full-year guidance due to the pending separation of NiSource and CPG. As the separation date moves closer, both companies plan to provide additional details on their respective performance expectations.

There will likely be differences between the projected non-GAAP long-term average annual growth rates presented above and their GAAP comparisons. Due to the unpredictability of weather and other factors, NiSource will not be providing projected long-term average annual GAAP growth rates.

Columbia Pipeline Group continues with core modernization program, transformational growth projects

During 2014, CPG further enhanced its strategic asset position in the Marcellus and Utica Shale production regions by placing in service several new market-driven facility expansions, originating several major growth projects and continuing to deliver on its system modernization program. Key execution highlights for CPG include:

- CPG placed more than \$300 million in regulated system expansion projects in service in 2014, adding approximately 1.1 billion cubic feet of system capacity. A key project placed in service was the approximately \$200 million **West Side Expansion** project. Fully subscribed with long-term contracts, the project involved making a portion of **Columbia Gulf Transmission** system bi-directional and capable of transporting 540 million cubic feet per day of Marcellus Shale production to Gulf Coast and southeast markets.
- In December, CPG filed to recover costs related to the second year of investments under the **Columbia Gas Transmission long-term system modernization** program. The filing with the Federal Energy Regulatory Commission (FERC) reflects approximately \$320 million in facilities placed in service as of October 31, 2014. Recovery of these investments began on February 1, 2015. A settlement with the company's customers - approved in early 2013 - addresses the initial five years of an expected 10-15 year program that exceeds \$4 billion in investment.
- Also in December, the FERC approved construction of CPG's **East Side Expansion** project. The project will provide approximately 315 million cubic feet per day of additional capacity for Marcellus Shale supplies to reach growing - and capacity constrained - northeastern and mid-Atlantic markets. The approximately \$275 million project is expected to be placed in service in the third quarter of 2015.
- Progress continues on several other major growth projects, including CPG's approximately \$1.8 billion combined investment in the **Leach** and **Rayne XPress** projects, which will provide additional market access for Marcellus and Utica Shale production. Other projects in various stages of execution include the \$870 million **WB XPress** project, the \$310 million **Cameron Access** project, the \$50 million **Utica Access** project, the \$30 million **Chesapeake LNG Plant Upgrade** project, and the \$25 million **Kentucky Power Plant Conversion** project. Together these projects will add approximately 4 billion cubic feet of new capacity commitments across the CPG system, including access to LNG export facilities in Louisiana and Maryland.
- CPG also is in advanced commercial discussions with customers regarding the proposed **Mountaineer XPress** and **Gulf XPress** projects, which would provide further transportation capacity out of the Marcellus and Utica Shale production basins. The company expects to provide additional information about the scope and timeline of the projects in the first half of 2015.

- **Columbia Midstream Group (CMG)** , formerly NiSource Midstream Services, placed its \$60 million natural gas liquids line project in service during the fourth quarter of 2014. The line is part of the Pennant Midstream, LLC 50/50 partnership with Harvest Pipeline, an affiliate of Hilcorp Energy, and connects the Hickory Bend Cryogenic Processing Plant to the UEO Kensington facility in northeast Ohio. Initial capacity is approximately 45,000 barrels of liquids per day with expansion potential up to 90,000 barrels per day. The partnership's Hickory Bend Processing Plant and gathering facilities went in service in the first half of 2014.
- CMG also is on schedule to place the first phase of its \$120 million **Washington County Gathering** project and its approximately \$65 million **Big Pine Gathering System Expansion** project in service before the end of 2015.

“CPG continues to execute on a wide variety of high-value projects, many of which are aimed at delivering efficient capacity for customers transporting natural gas supplies out of the Marcellus and Utica formations to liquid markets,” Skaggs said. “Our strategic footprint also provides us with significant opportunities to competitively optimize and expand our system to meet the growing needs of our customers, including competitively priced supply for local utilities, gas-fired power generation, and LNG exporters; and access to growing, high value markets for producers.”

NIPSCO places second scrubber in service, remains on plan with modernization, environmental and growth investments

During the fourth quarter of 2014, NiSource's Indiana natural gas and electric business, **Northern Indiana Public Service Co.** (NIPSCO), remained on track with a broad agenda of reliability, modernization, customer service and environmental improvements. Key execution highlights for NIPSCO include:

- In December, NIPSCO placed its final **flue gas desulfurization (FGD) unit** in service at its R.M. Schahfer Electric Generating Station. This unit, like the one placed in service during the fourth quarter of 2013, was delivered on time and on budget. A third FGD unit, this one at NIPSCO's Michigan City Generating Station, is on schedule to be placed in service by the end of 2015. These investments are part of more than \$850 million in environmental projects completed or in progress that allow NIPSCO to continue generating electricity using low-cost, reliable and efficient facilities, while improving air quality.
- NIPSCO filed its 2015 investment plans with the Indiana Utility Regulatory Commission (IURC) under the company's seven-year, nearly \$2 billion **electric and natural gas modernization programs** . The company completed nearly \$120 million of modernization projects in 2014 and plans to invest approximately \$185 million in 2015.
- Progress also continued on two major NIPSCO electric transmission projects designed to enhance region-wide system flexibility and reliability. Right-of-way acquisition and permitting are under way for both projects. The **Greentown-Reynolds** project is an approximately 70-mile, 765-kilovolt line being constructed in a joint development agreement with Pioneer Transmission, and the **Reynolds-Topeka** project is a 100-mile, 345-kilovolt line. These projects involve an investment of approximately \$500 million for NIPSCO and are anticipated to be in service by the end of 2018.

- Also during the quarter, NIPSCO received approval from the IURC to extend its **Green Power Rate Program**. The company also reached a settlement agreement to continue its **Feed-in Tariff Program**. The Green Power Rate program, introduced in early 2013, allows customers to designate a portion or all of their monthly electric usage to be attributable to power generated by renewable energy sources. The Feed-in Tariff program, originally introduced in 2012, allows customers to generate their own electricity via small-scale renewable resources and sell it back to the company.

Gas Distribution unit maintains execution focus with continued progress on modernization investments and regulatory initiatives

The **NiSource Gas Distribution** (NGD) companies continue to execute against their expanded infrastructure replacement and enhancement programs, complemented by a variety of customer programs and regulatory initiatives. Three recent regulatory execution highlights for NGD include:

- On November 12, 2014, the Pennsylvania Public Utility Commission approved a settlement in **Columbia Gas of Pennsylvania's** (CPA) base rate case. The case provides for recovery of CPA's investments in its well-established infrastructure modernization program and will increase annual revenues by approximately \$33 million. New rates went into effect on December 20, 2014.
- **Columbia Gas of Virginia** (CGV) reached a settlement on its base rate case in December 2014. The Hearing Examiner issued a recommendation to approve the settlement, and CGV expects a decision by the Virginia State Corporation Commission by the end of the first quarter of 2015. The case seeks to recover costs related to significant capital investments CGV has made to improve its system and accommodate growth, as well as costs incurred related to a number of initiatives designed to improve the safety and reliability of its system. If the settlement is approved as filed, the case would provide a base rate increase of approximately \$25 million, including recovery of pipeline safety program costs.
- **Columbia Gas of Massachusetts** (CMA) filed its 2015 Gas System Enhancement Plan on October 31, 2014, under new legislation authorizing accelerated recovery of gas infrastructure modernization investments. If approved by the Massachusetts Department of Public Utilities, cost recovery associated with the enhancement plan - which would increase annual revenues by approximately \$2.6 million - would begin on May 1, 2015.

"NiSource's utilities remain focused on executing their robust infrastructure plans," Skaggs said. "This industry-leading platform for growth provides significant reliability, safety and environmental benefits to our existing and new customers, while also delivering shareholder returns through transparent recovery mechanisms."

Full-Year 2014 Operating Earnings - Segment Results (non-GAAP)

NiSource's consolidated operating earnings (non-GAAP) for the year ended December 31, 2014, were \$1,270.3 million, compared to \$1,146.3 million for the same period in 2013. Refer to Schedule 2 for the items included in 2014 and 2013 GAAP operating income but excluded from operating earnings.

Operating earnings for NiSource's business segments for the year ended December 31, 2014, are discussed below.

Columbia Pipeline Group Operations reported operating earnings of \$490.7 million for the year ended December 31, 2014, compared with operating earnings of \$441.2 million for the prior year period. Net revenues, excluding the impact of trackers, increased by \$79.1 million primarily due to

higher demand margin revenue as a result of growth projects placed into service and new firm contracts. Additionally, there was an increase in net revenues as a result of higher mineral rights royalty revenue.

Operating expenses, excluding the impact of trackers, increased by \$40.3 million primarily due to higher employee and administrative costs, increased outside service costs, higher depreciation, a prior year gain on the sale of storage assets and increased property taxes. These increases were partially offset by gains on the conveyance of mineral interests and a decrease in software data conversion costs. Equity earnings increased by \$10.7 million primarily from increased earnings at Millennium Pipeline.

Electric Operations reported operating earnings of \$287.7 million for the year ended December 31, 2014, compared with operating earnings of \$265.3 million for the prior year period. Net revenues, excluding the impact of trackers, increased by \$46.9 million primarily due to increased industrial margins and higher environmental investment cost recovery. Additionally, net revenues increased as a result of two electric transmission projects authorized by the Midcontinent Independent System Operator (MISO) and higher off-system sales. These increases were partially offset by a decrease in transmission upgrade revenue included in net revenues in the prior year.

Operating expenses, excluding the impact of trackers, increased by \$24.5 million due primarily to increased electric generation costs largely due to maintenance-related outages and higher employee and administrative costs.

Gas Distribution Operations reported operating earnings of \$517.4 million for the year ended December 31, 2014, compared with operating earnings of \$448.8 million for the prior year period. Net revenues, excluding the impact of trackers, increased by \$126.3 million primarily attributable to an increase in regulatory and service programs, including the impact of the 2013 rate settlement at Columbia Gas of Pennsylvania, the new rates at Columbia Gas of Massachusetts, as well as, the implementation of new rates under Columbia Gas of Ohio's approved infrastructure replacement program. Additionally, there was increased residential, commercial and industrial usage, higher revenue due to an increase in residential and commercial customers and increased off-system sales.

Operating expenses, excluding the impact of trackers, increased by \$57.7 million due primarily to higher employee and administrative costs, increased depreciation due to higher capital expenditures, higher outside service costs, increased other taxes, and higher uncollectibles. These increases were partially offset by lower environmental costs.

Corporate and Other Operations reported an operating earnings loss of \$25.5 million for the year ended December 31, 2014, compared to an operating earnings loss of \$9.0 million for the comparable prior period. The increased loss is primarily due to employee and administrative costs and consulting fees.

Other Items

Interest expense increased by \$28.8 million due the issuance of long-term debt in April and October 2013 and the expiration of interest rate swaps in July 2014, partially offset by the maturity of long-term debt in March 2013 and July 2014.

Other, net reflected income of \$22.3 million compared to income of \$24.2 million in 2013.

The effective tax rate of net operating earnings was 36.1 percent compared to 34.6 percent for the same period last year due to higher state income taxes, primarily an Indiana state income tax change.

Fourth Quarter 2014 Operating Earnings - Segment Results (non-GAAP)

NiSource's consolidated operating earnings (non-GAAP) for the three months ended December 31, 2014, were \$361.8 million, compared to \$340.0 million for the same period in 2013. Refer to Schedule 2 for the items included in 2014 and 2013 GAAP operating income but excluded from operating earnings.

Operating earnings for NiSource's business segments for the three months ended December 31, 2014, are discussed below.

Columbia Pipeline Group Operations reported operating earnings of \$133.7 million for the three months ended December 31, 2014, compared with operating earnings of \$120.4 million for the prior year period. Net revenues, excluding the impact of trackers, increased by \$17.9 million primarily due to higher demand margin revenue as a result of growth projects placed into service and new firm contracts.

Operating expenses, excluding the impact of trackers, increased by \$8.0 million primarily due to an increase in outside service costs, higher employee and administrative costs and increased depreciation. These increases were partially offset by gains on the conveyance of mineral interests. Equity earnings increased by \$3.4 million primarily from increased earnings at Millennium Pipeline.

Electric Operations reported operating earnings of \$63.5 million for the three months ended December 31, 2014, compared with operating earnings of \$51.3 million for the prior year period. Net revenues, excluding the impact of trackers, increased by \$5.1 million primarily due to increased environmental investment cost recovery and two electric transmission projects authorized by the MISO.

Operating expenses, excluding the impact of trackers, decreased by \$7.1 million due primarily to lower employee and administrative costs and decreased other taxes.

Gas Distribution Operations reported operating earnings of \$173.8 million for the three months ended December 31, 2014, compared with operating earnings of \$164.2 million for the prior year period. Net revenues, excluding the impact of trackers, increased by \$29.3 million primarily attributable to increases in regulatory and service programs, including the impact of new rates at Columbia Gas of Virginia and Columbia Gas of Massachusetts and the implementation of new rates under Columbia Gas of Ohio's approved infrastructure replacement program.

Operating expenses, excluding the impact of trackers, increased by \$19.7 million due primarily to increased outside service costs, higher depreciation, and increased employee and administrative costs.

Corporate and Other Operations reported an operating earnings loss of \$9.2 million for the three months ended December 31, 2014, compared to operating earnings of \$4.1 million for the comparable prior period. The change is primarily due to increased employee and administrative costs.

Other Items

Interest expense increased by \$5.3 million due to the expiration of interest rate swaps in July 2014, decreased AFUDC (Allowance for Funds Used During Construction) balances and the issuance of long-term debt in August 2014, partially offset by the maturity of long-term debt in July 2014.

Other, net reflected income of \$1.1 million compared to income of \$2.1 million in 2013.

The effective tax rate of net operating earnings was 35.0 percent compared to 35.8 percent for the same period last year.

About NiSource

NiSource Inc. (NYSE: NI), based in Merrillville, Indiana, is a Fortune 500 company engaged in natural gas transmission, storage and distribution, as well as electric generation, transmission and distribution. NiSource operating companies deliver energy to 3.8 million customers located within the high-demand energy corridor stretching from the Gulf Coast through the Midwest to New England. Information about NiSource and its subsidiaries is available via the Internet at www.nisource.com. NI-F

Forward-Looking Statements

This news release contains forward-looking statements within the meaning of federal securities laws. These forward-looking statements are subject to various risks and uncertainties. Examples of forward-looking statements in this release include statements and expectations regarding the timing of the separation, as well as NiSource's business following the separation and the leadership of NiSource and Columbia Pipeline Group, Inc. following the separation. Factors that could cause actual results to differ materially from the projections, forecasts, estimates and expectations discussed in this release include, among other things, the timing to consummate the transactions described herein; the risk that a condition to consummation is not satisfied; disruption to operations as a result of the proposed transactions; the inability of one or more of the businesses to operate independently following the completion of the proposed transactions; weather; fluctuations in supply and demand for energy commodities; growth opportunities for NiSource's businesses; increased competition in deregulated energy markets; the success of regulatory and commercial initiatives; dealings with third parties over whom NiSource has no control; actual operating experience of NiSource's assets; the regulatory process; regulatory and legislative changes; changes in general economic, capital and commodity market conditions; and counter-party credit risk, and the matters set forth in the "Risk Factors" section in NiSource's 2013 Form 10-K and subsequent NiSource filings of Form 10-Q, many of which are beyond the control of NiSource. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this news release. Future earnings and other financial projections are illustrative only and do not constitute guidance by the Company. NiSource expressly disclaims a duty to update any of the forward-looking statements contained in this release.

The potential distribution of CPG shares is subject to the satisfaction of a number of conditions, including the final approval of NiSource's Board of Directors. There is no assurance that such distribution will in fact occur.

NiSource Inc.
Consolidated Net Operating Earnings (Non-GAAP)
(unaudited)

<i>(in millions, except per share amounts)</i>	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2014	2013	2014	2013
Net Revenues				
Gas Distribution	\$ 718.3	\$ 683.5	\$ 2,578.4	\$ 2,225.3
Gas Transportation and Storage	522.4	461.3	1,872.7	1,646.4
Electric	392.1	386.2	1,677.1	1,563.2
Other	57.1	61.6	328.1	224.4
Gross Revenues	1,689.9	1,592.6	6,456.3	5,659.3
Cost of Sales (excluding depreciation and amortization)	560.8	547.1	2,224.2	1,815.5
Total Net Revenues	1,129.1	1,045.5	4,232.1	3,843.8
Operating Expenses				
Operation and maintenance	438.6	403.5	1,633.7	1,519.2
Operation and maintenance - trackers	123.6	94.8	483.4	354.7
Depreciation and amortization	153.5	145.9	602.4	573.6
Depreciation and amortization - trackers	1.2	—	3.1	3.7
Gain on sale of assets	(13.7)	(7.3)	(34.5)	(18.4)
Other taxes	57.1	60.5	246.4	235.9
Other taxes - trackers	20.7	18.4	73.9	64.7
Total Operating Expenses	781.0	715.8	3,008.4	2,733.4
Equity Earnings in Unconsolidated Affiliates	13.7	10.3	46.6	35.9
Operating Earnings	361.8	340.0	1,270.3	1,146.3
Other Income (Deductions)				
Interest expense, net	(115.8)	(110.5)	(443.6)	(414.8)
Other, net	1.1	2.1	22.3	24.2
Total Other Deductions	(114.7)	(108.4)	(421.3)	(390.6)
Operating Earnings From Continuing Operations				
Before Income Taxes	247.1	231.6	849.0	755.7
Income Taxes	86.4	82.9	306.5	261.8
Net Operating Earnings from Continuing Operations	160.7	148.7	542.5	493.9
GAAP Adjustment	(6.4)	4.3	(11.8)	(3.0)
GAAP Income from Continuing Operations	\$ 154.3	\$ 153.0	\$ 530.7	\$ 490.9
Basic Net Operating Earnings Per Share from Continuing Operations	\$ 0.51	\$ 0.47	\$ 1.72	\$ 1.58
GAAP Basic Earnings Per Share from Continuing Operations	\$ 0.49	\$ 0.49	\$ 1.68	\$ 1.57
Basic Average Common Shares Outstanding	315.8	313.4	315.1	312.4

NiSource Inc.
Segment Operating Earnings (Non-GAAP)
(unaudited)

Gas Distribution Operations <i>(in millions)</i>	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2014	2013	2014	2013
Net Revenues				
Sales revenues	\$ 999.0	\$ 924.6	\$ 3,574.5	\$ 3,056.0
Less: Cost of gas sold	467.9	455.0	1,762.7	1,419.7
Net Revenues	531.1	469.6	1,811.8	1,636.3
Operating Expenses				
Operation and maintenance	197.7	181.9	763.6	728.1
Operation and maintenance - trackers	58.2	28.3	136.7	96.7
Depreciation and amortization	55.9	51.7	217.6	201.4
Other taxes	24.8	25.1	102.6	96.6
Other taxes - trackers	20.7	18.4	73.9	64.7
Total Operating Expenses	357.3	305.4	1,294.4	1,187.5
Operating Earnings	\$ 173.8	\$ 164.2	\$ 517.4	\$ 448.8
GAAP Adjustment	0.8	2.1	19.6	(3.4)
GAAP Operating Income	\$ 174.6	\$ 166.3	\$ 537.0	\$ 445.4

Columbia Pipeline Group Operations <i>(in millions)</i>	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2014	2013	2014	2013
Net Revenues				
Transportation revenues	\$ 239.3	\$ 215.8	\$ 837.1	\$ 774.7
Storage revenues	48.9	48.6	197.2	196.4
Other revenues	52.3	57.5	312.9	208.7
Total Operating Revenues	340.5	321.9	1,347.2	1,179.8
Less: Cost of sales	0.1	0.1	0.3	0.4
Net Revenues	340.4	321.8	1,346.9	1,179.4
Operating Expenses				
Operation and maintenance	127.3	117.0	429.2	389.4
Operation and maintenance - trackers	59.1	58.4	322.4	234.0
Depreciation and amortization	30.9	28.0	118.6	106.9
Gain on sale of assets	(13.7)	(7.3)	(34.5)	(18.4)
Other taxes	16.8	15.6	67.1	62.2
Total Operating Expenses	220.4	211.7	902.8	774.1
Equity Earnings in Unconsolidated Affiliates	13.7	10.3	46.6	35.9
Operating Earnings	\$ 133.7	\$ 120.4	\$ 490.7	\$ 441.2
GAAP Adjustment	—	—	—	0.2
GAAP Operating Income	\$ 133.7	\$ 120.4	\$ 490.7	\$ 441.4

NiSource Inc.
Segment Operating Earnings (Non-GAAP)
(unaudited)

Electric Operations <i>(in millions)</i>	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2014	2013	2014	2013
Net Revenues				
Sales revenues	\$ 392.4	\$ 386.6	\$ 1,678.5	\$ 1,564.8
Less: Cost of sales	135.5	134.2	609.7	542.6
Net Revenues	256.9	252.4	1,068.8	1,022.2
Operating Expenses				
Operation and maintenance	113.4	116.8	450.6	424.6
Operation and maintenance - trackers	6.3	8.1	24.3	24.0
Depreciation and amortization	60.3	60.2	241.3	240.7
Depreciation and amortization - trackers	1.2	—	3.1	3.7
Other taxes	12.2	16.0	61.8	63.9
Total Operating Expenses	193.4	201.1	781.1	756.9
Operating Earnings	\$ 63.5	\$ 51.3	\$ 287.7	\$ 265.3
GAAP Adjustment	0.5	2.0	(5.0)	0.2
GAAP Operating Income	\$ 64.0	\$ 53.3	\$ 282.7	\$ 265.5

Corporate and Other Operations <i>(in millions)</i>	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2014	2013	2014	2013
Operating (Loss) Earnings	\$ (9.2)	\$ 4.1	\$ (25.5)	\$ (9.0)
GAAP Adjustment	(11.8)	—	(22.5)	0.1
GAAP Operating (Loss) Income	\$ (21.0)	\$ 4.1	\$ (48.0)	\$ (8.9)

NiSource Inc.
Segment Volumes and Statistical Data

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2014	2013	2014	2013
Gas Distribution Operations				
Sales and Transportation (MMDth)				
Residential	88.3	90.3	295.2	272.3
Commercial	54.6	54.4	189.6	172.9
Industrial	128.2	127.1	512.9	494.5
Off System	9.3	14.7	44.9	70.4
Other	—	—	(0.1)	0.4
Total	280.4	286.5	1,042.5	1,010.5
Weather Adjustment	(2.6)	(3.9)	(36.4)	(3.4)
Sales and Transportation Volumes - Excluding Weather	277.8	282.6	1,006.1	1,007.1
Heating Degree Days	2,084	2,122	6,176	5,698
Normal Heating Degree Days	2,034	2,034	5,610	5,610
% Colder than Normal	2%	4%	10%	2%
Customers				
Residential			3,098,052	3,079,575
Commercial			282,749	281,535
Industrial			7,637	7,663
Other			15	22
Total			3,388,453	3,368,795

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2014	2013	2014	2013
Columbia Pipeline Group Operations				
Throughput (MMDth)				
Columbia Transmission	355.5	356.2	1,379.4	1,354.3
Columbia Gulf	153.4	149.0	626.7	643.0
Crossroads Pipeline	4.3	4.5	16.7	16.9
Intrasegment eliminations	(23.4)	(27.6)	(128.7)	(239.4)
Total	489.8	482.1	1,894.1	1,774.8

NiSource Inc.
Segment Volumes and Statistical Data

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2014	2013	2014	2013
Electric Operations				
Sales (Gigawatt Hours)				
Residential	779.6	811.0	3,384.2	3,444.7
Commercial	932.2	952.0	3,864.2	3,881.9
Industrial	2,546.6	2,426.6	10,114.2	9,339.7
Wholesale	190.2	5.1	675.5	669.7
Other	43.5	40.5	148.2	132.0
Total	4,492.1	4,235.2	18,186.3	17,468.0
Weather Adjustment	(7.0)	(28.9)	72.3	(2.4)
Sales Volumes - Excluding Weather	4,485.1	4,206.3	18,258.6	17,465.6
Cooling Degree Days			663	798
Normal Cooling Degree Days			806	806
% Colder than Normal			(18)%	(1)%
Electric Customers				
Residential			403,272	402,638
Commercial			54,635	54,452
Industrial			2,352	2,374
Wholesale			751	725
Other			5	5
Total			461,015	460,194

NiSource Inc.
Schedule 1 – Reconciliation of Net Operating Earnings to GAAP

<i>(in millions, except per share amounts)</i>	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2014	2013	2014	2013
Net Operating Earnings from Continuing Operations (Non-GAAP)	\$ 160.7	\$ 148.7	\$ 542.5	\$ 493.9
Items excluded from operating earnings				
Net Revenues:				
Weather - compared to normal	1.3	4.1	14.3	1.2
Settlement agreement	—	—	—	(3.2)
Operating Expenses:				
Transaction costs	(10.3)	—	(19.2)	—
Loss on sale of assets and asset impairments	(1.5)	—	(3.0)	(0.9)
Total items excluded from operating earnings	(10.5)	4.1	(7.9)	(2.9)
Other Deductions:				
Tax effect of above items	4.1	(1.7)	3.1	1.1
Income taxes - discrete items	—	1.9	(7.0)	(1.2)
Total items excluded from net operating earnings	(6.4)	4.3	(11.8)	(3.0)
Reported Income from Continuing Operations - GAAP	\$ 154.3	\$ 153.0	\$ 530.7	\$ 490.9
Basic Average Common Shares Outstanding	315.8	313.4	315.1	312.4
Basic Net Operating Earnings Per Share from Continuing Operations	\$ 0.51	\$ 0.47	\$ 1.72	\$ 1.58
Items excluded from net operating earnings (after-tax)	(0.02)	0.02	(0.04)	(0.01)
GAAP Basic Earnings Per Share from Continuing Operations	\$ 0.49	\$ 0.49	\$ 1.68	\$ 1.57

NiSource Inc.

Schedule 2 – Adjustments by Segment from Operating Earnings to GAAP
For the Quarter ended December 31,

2014 (in millions)	Gas Distribution	Columbia Pipeline Group	Electric	Corporate & Other	Total
Operating Earnings (Loss)	\$ 173.8	\$ 133.7	\$ 63.5	\$ (9.2)	\$ 361.8
Net Revenues:					
Weather - compared to normal	0.8	—	0.5	—	1.3
Total Impact - Net Revenues	0.8	—	0.5	—	1.3
Operating Expenses:					
Transaction costs	—	—	—	(10.3)	(10.3)
Loss on sale of assets and asset impairments	—	—	—	(1.5)	(1.5)
Total Impact - Operating Expenses	—	—	—	(11.8)	(11.8)
Total Impact - Operating Income (Loss)	\$ 0.8	\$ —	\$ 0.5	\$ (11.8)	\$ (10.5)
Operating Income (Loss) - GAAP	\$ 174.6	\$ 133.7	\$ 64.0	\$ (21.0)	\$ 351.3

2013 (in millions)	Gas Distribution	Columbia Pipeline Group	Electric	Corporate & Other	Total
Operating Earnings	\$ 164.2	\$ 120.4	\$ 51.3	\$ 4.1	\$ 340.0
Net Revenues:					
Weather - compared to normal	2.1	—	2.0	—	4.1
Total Impact - Net Revenues	2.1	—	2.0	—	4.1
Total Impact - Operating Expenses	—	—	—	—	—
Total Impact - Operating Income	\$ 2.1	\$ —	\$ 2.0	\$ —	\$ 4.1
Operating Income - GAAP	\$ 166.3	\$ 120.4	\$ 53.3	\$ 4.1	\$ 344.1

NiSource Inc.

Schedule 2 – Adjustments by Segment from Operating Earnings to GAAP
For the Twelve Months ended December 31,

2014 (in millions)	Gas Distribution	Columbia Pipeline Group	Electric	Corporate & Other	Total
Operating Earnings (Loss)	\$ 517.4	\$ 490.7	\$ 287.7	\$ (25.5)	\$ 1,270.3
Net Revenues:					
Weather - compared to normal	19.4	—	(5.1)	—	14.3
Total Impact - Net Revenues	19.4	—	(5.1)	—	14.3
Operating Expenses:					
Transaction costs	—	—	—	(19.2)	(19.2)
Gain (Loss) on sale of assets and asset impairments	0.2	—	0.1	(3.3)	(3.0)
Total Impact - Operating Expenses	0.2	—	0.1	(22.5)	(22.2)
Total Impact - Operating Income (Loss)	\$ 19.6	\$ —	\$ (5.0)	\$ (22.5)	\$ (7.9)
Operating Income (Loss) - GAAP	\$ 537.0	\$ 490.7	\$ 282.7	\$ (48.0)	\$ 1,262.4

2013 (in millions)	Gas Distribution	Columbia Pipeline Group	Electric	Corporate & Other	Total
Operating Earnings (Loss)	\$ 448.8	\$ 441.2	\$ 265.3	\$ (9.0)	\$ 1,146.3
Net Revenues:					
Weather - compared to normal	1.0	—	0.2	—	1.2
Settlement agreement	(3.2)	—	—	—	(3.2)
Total Impact - Net Revenues	(2.2)	—	0.2	—	(2.0)
Operating Expenses:					
(Loss) Gain on sale of assets and asset impairments	(1.2)	0.2	—	0.1	(0.9)
Total Impact - Operating Expenses	(1.2)	0.2	—	0.1	(0.9)
Total Impact - Operating (Loss) Income	\$ (3.4)	\$ 0.2	\$ 0.2	\$ 0.1	\$ (2.9)
Operating Income (Loss) - GAAP	\$ 445.4	\$ 441.4	\$ 265.5	\$ (8.9)	\$ 1,143.4

NiSource Inc.
Consolidated Income Statements (GAAP)
(unaudited)

<i>(in millions, except per share amounts)</i>	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2014	2013	2014	2013
Net Revenues				
Gas Distribution	\$ 719.0	\$ 685.7	\$ 2,597.8	\$ 2,226.3
Gas Transportation and Storage	522.4	461.3	1,872.7	1,643.2
Electric	392.6	388.2	1,672.0	1,563.4
Other	57.1	61.6	328.1	224.4
Gross Revenues	1,691.1	1,596.8	6,470.6	5,657.3
Cost of Sales (excluding depreciation and amortization)	560.7	547.2	2,224.2	1,815.5
Total Net Revenues	1,130.4	1,049.6	4,246.4	3,841.8
Operating Expenses				
Operation and maintenance	572.5	498.3	2,136.3	1,873.9
Depreciation and amortization	154.7	145.9	605.5	577.3
Gain on sale of assets and impairment, net	(12.2)	(7.3)	(31.5)	(17.5)
Other taxes	77.8	78.9	320.3	300.6
Total Operating Expenses	792.8	715.8	3,030.6	2,734.3
Equity Earnings in Unconsolidated Affiliates	13.7	10.3	46.6	35.9
Operating Income	351.3	344.1	1,262.4	1,143.4
Other Income (Deductions)				
Interest expense, net	(115.8)	(110.5)	(443.6)	(414.8)
Other, net	1.1	2.1	22.3	24.2
Total Other Deductions	(114.7)	(108.4)	(421.3)	(390.6)
Income from Continuing Operations before Income Taxes	236.6	235.7	841.1	752.8
Income Taxes	82.3	82.7	310.4	261.9
Income from Continuing Operations	154.3	153.0	530.7	490.9
(Loss) Income from Discontinued Operations - net of taxes	(0.1)	(1.2)	(0.7)	6.3
Gain on Disposition of Discontinued Operations - net of taxes	—	—	—	34.9
Net Income	\$ 154.2	\$ 151.8	\$ 530.0	\$ 532.1
Basic Earnings Per Share				
Continuing operations	\$ 0.49	\$ 0.49	\$ 1.68	\$ 1.57
Discontinued operations	—	(0.01)	—	0.13
Basic Earnings Per Share	\$ 0.49	\$ 0.48	\$ 1.68	\$ 1.70
Diluted Earnings Per Share				
Continuing operations	\$ 0.49	\$ 0.49	\$ 1.67	\$ 1.57
Discontinued operations	—	(0.01)	—	0.13
Diluted Earnings Per Share	\$ 0.49	\$ 0.48	\$ 1.67	\$ 1.70
Basic Average Common Shares Outstanding	315.8	313.4	315.1	312.4
Diluted Average Common Shares	317.5	314.8	316.6	313.6

NiSource Inc.
Consolidated Balance Sheets (GAAP)
(*unaudited*)

<i>(in millions)</i>	December 31, 2014	December 31, 2013
ASSETS		
Property, Plant and Equipment		
Utility plant	\$ 25,234.8	\$ 23,303.7
Accumulated depreciation and amortization	(9,578.6)	(9,256.5)
Net utility plant	15,656.2	14,047.2
Other property, at cost, less accumulated depreciation	360.9	317.9
Net Property, Plant and Equipment	16,017.1	14,365.1
Investments and Other Assets		
Unconsolidated affiliates	452.6	373.7
Other investments	210.4	204.0
Total Investments and Other Assets	663.0	577.7
Current Assets		
Cash and cash equivalents	25.4	26.8
Restricted cash	24.9	8.0
Accounts receivable (less reserve of \$25.2 and \$23.5, respectively)	1,070.1	1,005.8
Gas inventory	445.1	354.6
Underrecovered gas and fuel costs	32.0	46.4
Materials and supplies, at average cost	106.0	101.2
Electric production fuel, at average cost	64.8	44.6
Exchange gas receivable	63.1	70.6
Regulatory assets	193.5	142.8
Deferred income taxes	272.1	175.3
Prepayments and other	169.5	183.1
Total Current Assets	2,466.5	2,159.2
Other Assets		
Regulatory assets	1,696.4	1,522.2
Goodwill	3,666.2	3,666.2
Intangible assets	264.7	275.7
Deferred charges and other	92.4	87.8
Total Other Assets	5,719.7	5,551.9
Total Assets	\$ 24,866.3	\$ 22,653.9

NiSource Inc.
Consolidated Balance Sheets (GAAP) (continued)
(*unaudited*)

<i>(in millions, except share amounts)</i>	December 31, 2014	December 31, 2013
CAPITALIZATION AND LIABILITIES		
Capitalization		
Common Stockholders' Equity		
Common stock - \$0.01 par value, 400,000,000 shares authorized; 316,037,421 and 313,675,911 shares outstanding, respectively	\$ 3.2	\$ 3.2
Additional paid-in capital	4,787.6	4,690.1
Retained earnings	1,494.0	1,285.5
Accumulated other comprehensive loss	(50.6)	(43.6)
Treasury stock	(58.9)	(48.6)
Total Common Stockholders' Equity	6,175.3	5,886.6
Long-term debt, excluding amounts due within one year	8,155.9	7,593.2
Total Capitalization	14,331.2	13,479.8
Current Liabilities		
Current portion of long-term debt	266.6	542.1
Short-term borrowings	1,576.9	698.7
Accounts payable	670.6	619.0
Customer deposits and credits	294.3	262.6
Taxes accrued	266.7	254.8
Interest accrued	140.7	136.4
Overrecovered gas and fuel costs	45.6	32.2
Exchange gas payable	136.2	186.4
Deferred revenue	25.6	18.5
Regulatory liabilities	62.4	60.2
Accrued capital expenditures	61.1	26.7
Accrued liability for postretirement and postemployment benefits	5.9	6.2
Legal and environmental	24.2	32.3
Other accruals	378.1	302.3
Total Current Liabilities	3,954.9	3,178.4
Other Liabilities and Deferred Credits		
Deferred income taxes	3,661.6	3,277.8
Deferred investment tax credits	17.3	20.9
Deferred credits	101.1	91.9
Deferred revenue	—	17.1
Accrued liability for postretirement and postemployment benefits	675.9	527.5
Regulatory liabilities	1,673.8	1,669.8
Asset retirement obligations	159.4	174.4
Other noncurrent liabilities	291.1	216.3
Total Other Liabilities and Deferred Credits	6,580.2	5,995.7
Commitments and Contingencies		
	—	—
Total Capitalization and Liabilities	\$ 24,866.3	\$ 22,653.9

NiSource Inc.
Statements of Consolidated Cash Flows (GAAP)
(unaudited)

Year Ended December 31, <i>(in millions)</i>	2014	2013
Operating Activities		
Net Income	\$ 530.0	\$ 532.1
Adjustments to Reconcile Net Income to Net Cash from Continuing Operations:		
Depreciation and amortization	605.5	577.3
Net changes in price risk management assets and liabilities	2.6	2.6
Deferred income taxes and investment tax credits	299.1	287.4
Deferred revenue	1.5	(7.2)
Stock compensation expense and 401(k) profit sharing contribution	72.3	50.7
Gain on sale of assets and impairments, net	(31.5)	(17.5)
Income from unconsolidated affiliates	(45.8)	(35.7)
Gain on disposition of discontinued operations - net of taxes	—	(34.9)
Loss (Income) from discontinued operations - net of taxes	0.7	(6.3)
Amortization of discount/premium on debt	10.0	9.4
AFUDC equity	(21.7)	(18.5)
Distributions of earnings received from equity investees	37.8	32.1
Changes in Assets and Liabilities		
Accounts receivable	(63.1)	(94.8)
Income tax receivable	3.3	125.9
Inventories	(119.9)	(9.2)
Accounts payable	37.6	67.8
Customer deposits and credits	107.3	(6.9)
Taxes accrued	9.8	2.6
Interest accrued	4.3	3.8
Overrecovered gas and fuel costs	27.9	8.6
Exchange gas receivable/payable	(42.8)	21.0
Other accruals	5.1	2.2
Prepayments and other current assets	(10.1)	(17.0)
Regulatory assets/liabilities	(246.6)	479.1
Postretirement and postemployment benefits	138.2	(549.1)
Deferred credits	13.0	10.5
Deferred charges and other noncurrent assets	(0.4)	20.3
Other noncurrent liabilities	(3.1)	(9.5)
Net Operating Activities from Continuing Operations	1,321.0	1,426.8
Net Operating Activities (used for) from Discontinued Operations	(1.4)	10.0
Net Cash Flows from Operating Activities	1,319.6	1,436.8
Investing Activities		
Capital expenditures	(2,028.5)	(1,879.9)
Insurance recoveries	11.3	6.4
Proceeds from disposition of assets	12.8	18.0
Restricted cash (deposits) withdrawals	(17.1)	38.7
Contributions to equity investees	(69.2)	(125.4)
Other investing activities	(25.9)	(67.9)
Net Investing Activities used for Continuing Operations	(2,116.6)	(2,010.1)
Net Investing Activities from Discontinued Operations	—	118.7
Net Cash Flows used for Investing Activities	(2,116.6)	(1,891.4)
Financing Activities		

Issuance of long-term debt	748.4	1,307.6
Repayments of long-term debt and capital lease obligations	(521.0)	(510.9)
Premiums and other debt related costs	(8.7)	(3.2)
Change in short-term debt, net	878.1	(78.1)
Issuance of common stock	30.3	43.7
Acquisition of treasury stock	(10.2)	(8.1)
Dividends paid - common stock	(321.3)	(305.9)
Net Cash Flows from Financing Activities	795.6	445.1
Change in cash and cash equivalents used for continuing operations	—	(138.2)
Change in cash and cash equivalents (used for) from discontinued operations	(1.4)	128.7
Cash and cash equivalents at beginning of period	26.8	36.3
Cash and Cash Equivalents at End of Period	\$ 25.4	\$ 26.8

NISOURCE INC/DE

FORM 8-K (Current report filing)

Filed 03/25/15 for the Period Ending 03/24/15

Address	801 EAST 86TH AVE MERRILLVILLE, IN 46410-6272
Telephone	2196475200
CIK	0001111711
Symbol	NI
Fiscal Year	12/31

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 8-K

CURRENT REPORT

**Pursuant To Section 13 OR 15(d) of The
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): March 24, 2015

NiSource Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction
of incorporation or organization)

001-16189

Commission
file number

35-2108964

(I.R.S. Employer
Identification No.)

**801 East 86th Avenue
Merrillville, Indiana**

(Address of principal executive offices)

46410

(Zip Code)

Registrant's telephone number, including area code (877) 647-5990

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions.

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2 (b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4 (c))
-

ITEM 5.02. DEPARTURE OF DIRECTORS OR CERTAIN OFFICERS; ELECTION OF DIRECTORS; APPOINTMENT OF CERTAIN OFFICERS; COMPENSATORY ARRANGEMENTS OF CERTAIN OFFICERS

NiSource Inc. (the "Company") announced that it has appointed Donald Brown as an executive vice president in its Finance organization effective April 6, 2015. He is expected to be appointed chief financial officer of the Company, effective upon the completion of the previously announced separation of the Company and Columbia Pipeline Group. The separation is expected to be completed in mid-2015.

Prior to this appointment, Mr. Brown, age 43, served as vice president and chief financial officer at UGI Utilities, a division of UGI Corporation since 2010. From 2005 to 2010 he served as a director of Treasury Services at UGI Corporation and controller at UGI Utilities. Prior to joining UGI, he served in a variety of financial leadership and consulting roles at Constellation Energy, Progress Energy and Deloitte & Touche LLP.

As a result of his new appointment, Mr. Brown is being compensated pursuant to the terms of a letter agreement dated March 17, 2015, by and between Mr. Brown and the Company (the "Employment Agreement"). The Employment Agreement provides that Mr. Brown's annual base salary is \$450,000 and that he will participate in the Company's performance-based annual short-term incentive plan with a target bonus opportunity for 2015 of 60% of his annual base salary, with a range of 25% to 95%. He will receive a signing bonus of \$75,000, and he will be granted a long-term equity incentive award of restricted stock units under the 2010 Omnibus Incentive Plan with a value on the date of grant equal to \$750,000, which vests in 2018. He will also receive a one-time long-term equity incentive award of restricted stock units under such plan with a value on the date of grant equal to \$510,000, one-third of which vests on the first anniversary of his employment, and the other two-thirds vests on the second anniversary of his employment. Mr. Brown will also be entitled to participate in the Company's benefit plans, the Executive Severance Policy and, subject to approval of the Officer Nomination and Compensation Committee, a change in control agreement on substantially the same terms as those for other Company senior executives.

The Company's press release dated March 24, 2015 is furnished as Exhibit 99.1 to this report and is incorporated herein by reference.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press Release, dated March 24, 2015, issued by NiSource Inc.

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 hereunto duly authorized.

NiSource Inc.

(Registrant)

Date: March 25, 2015

By:

/s/ Carrie J. Hightman

Carrie J. Hightman
Executive Vice President and Chief Legal Officer

EXHIBIT INDEX

Exhibit Number	Description
99.1	Press Release, dated March 24, 2015, issued by NiSource Inc.

NEWS

NiSource[®]
801 E. 86th Avenue
Merrillville, IN 46410

FOR IMMEDIATE RELEASE

March 24, 2015

FOR ADDITIONAL INFORMATION

Media

Mike Banas
Communications Manager
(219) 647-5581
mbanas@nisource.com

Investors

Randy Hulen
Vice President, Investor Relations
(219) 647-5688
rghulen@nisource.com

Donald Brown to join NiSource as finance executive vice president

Expected to be appointed as chief financial officer at the time of NiSource/Columbia Pipeline Group separation

MERRILLVILLE, Ind . - NiSource Inc. (NYSE: NI) today announced that **Donald Brown** will join the company on April 6, 2015, as an executive vice president in the corporation's Finance organization. Brown is expected to be appointed chief financial officer (CFO) for NiSource, effective upon the completion of the previously announced separation of NiSource and Columbia Pipeline Group (CPG) into stand-alone, publicly traded companies. The separation is expected to be completed in mid-2015.

As announced last December, NiSource's current executive vice president (EVP) and CFO, **Stephen P. Smith** , is expected to become EVP and CFO at CPG at the time of the separation. Brown will report to **Joseph Hamrock** , EVP and group chief executive officer (CEO) of NiSource's Gas Distribution business unit. Hamrock is expected to become CEO of NiSource at the time of the separation.

"Donald brings an exceptional depth of public utility experience combined with a track record of disciplined financial management and execution," Hamrock said. "He joins an already solid and familiar team of finance and operational leaders that have consistently delivered on our customer and investor expectations during a period of significant growth and expansion."

"Donald's experience complements a proven and respected management team planned for NiSource, and his appointment is an important step to ensuring both CPG and NiSource are prepared to execute as independent companies," **Richard L. Thompson** , NiSource Board of Directors Chairman, said. "With strong executive teams now named for both companies, NiSource and CPG are poised to execute on their distinct, well-established strategies to deliver enhanced value for each company's customers, investors and other key stakeholders."

Brown most recently served as vice president and chief financial officer at UGI Utilities, a division of UGI Corporation. From 2005 to 2010 he served as a director of Treasury Services at UGI Corporation and controller at

UGI Utilities. Prior to joining UGI, he served in a variety of financial leadership and consulting roles at Constellation Energy, Progress Energy and Deloitte.

Brown earned a Master of Business Administration degree from Duke University's Fuqua School of Business and a Bachelor of Science degree in economics from the University of Pennsylvania.

About NiSource

NiSource Inc. (NYSE: NI), based in Merrillville, Ind., is a Fortune 500 company engaged in natural gas transmission, storage and distribution, as well as electric generation, transmission and distribution. NiSource operating companies deliver energy to 3.8 million customers located within the high-demand energy corridor stretching from the Gulf Coast through the Midwest to New England. Information about NiSource and its subsidiaries is available at www.nisource.com. NI-F

Forward-Looking Statements

This news release contains forward-looking statements within the meaning of federal securities laws. These forward-looking statements are subject to various risks and uncertainties. Examples of forward-looking statements in this release include statements and expectations regarding the separation and the leadership of each of NiSource Inc. and Columbia Pipeline Group, Inc. following the separation. Factors that could cause actual results to differ materially from those contemplated by the forward-looking statements in this release include, among other things, the timing to consummate the separation; the risk that a condition to consummation is not satisfied; the inability of one or more of the businesses to operate independently following the completion of the proposed separation; weather; fluctuations in supply and demand for energy commodities; growth opportunities for NiSource's businesses; increased competition in deregulated energy markets; the success of regulatory and commercial initiatives; dealings with third parties over whom NiSource has no control; actual operating experience of NiSource's assets; the regulatory process; regulatory and legislative changes; changes in general economic, capital and commodity market conditions; and counter-party credit risk, and the matters set forth in the "Risk Factors" section in NiSource's 2014 Form 10-K and subsequent NiSource filings of Form 10-Q, many of which are beyond the control of NiSource. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this news release. NiSource expressly disclaims a duty to update any of the forward-looking statements contained in this release.

The separation is subject to the satisfaction of a number of conditions, including the final approval of NiSource's Board of Directors. There is no assurance that the separation will in fact occur.

NISOURCE INC/DE

FORM 8-K (Current report filing)

Filed 04/30/15 for the Period Ending 04/29/15

Address	801 EAST 86TH AVE MERRILLVILLE, IN 46410-6272
Telephone	2196475200
CIK	0001111711
Symbol	NI
Fiscal Year	12/31

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 8-K

CURRENT REPORT

**Pursuant To Section 13 OR 15(d) of The
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): April 30, 2015

NiSource Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction
of incorporation or organization)

001-16189

Commission
file number

35-2108964

(I.R.S. Employer
Identification No.)

**801 East 86th Avenue
Merrillville, Indiana**

(Address of principal executive offices)

46410

(Zip Code)

Registrant's telephone number, including area code (877) 647-5990

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions.

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2 (b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4 (c))

ITEM 2.02. RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On April 30, 2015, NiSource Inc. (the “Company”) reported its financial results for the quarter ended March 31, 2015. The Company’s press release, dated April 30, 2015, is attached as Exhibit 99.1.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits

Exhibit Number	Description
99.1	Press Release, dated April 30, 2015, issued by NiSource Inc.

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 hereunto duly authorized.

NiSource Inc.

(Registrant)

Date: April 30, 2015

By:

/s/ Joseph W. Mulpas

Joseph W. Mulpas
Vice President and Chief Accounting Officer

EXHIBIT INDEX

Exhibit Number	Description
99.1	Press Release, dated April 30, 2015, issued by NiSource Inc.

NEWS



801 E. 86th Avenue
Merrillville, IN 46410

April 30, 2015

FOR ADDITIONAL INFORMATION

Media

Mike Banas
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mbanas@nisource.com

Investors

Randy Hulen (NiSource)
Vice President
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Bruce Connery (CPG)
Vice President
(713) 386-3603
blconnery@nisource.com

NiSource Reports First Quarter 2015 Earnings

- Consistent execution of core infrastructure investment strategy
- Columbia Pipeline Group separation on track for July 1, 2015
- Companies to highlight post-separation growth strategies on May 14, 2015

MERRILLVILLE, Ind. - NiSource Inc. (NYSE: NI) today announced net operating earnings from continuing operations - controlling interest (non-GAAP) of \$268.3 million, or \$0.85 per share, for the three months ended March 31, 2015, compared with \$258.4 million, or \$0.82 per share, for the same period in 2014. Operating earnings for the first quarter (non-GAAP) were \$528.7 million, compared to \$509.1 million in the prior period.

On a GAAP basis, NiSource reported income from continuing operations - controlling interest of \$268.4 million, or \$0.85 per share, for the three months ended March 31, 2015, compared with \$266.4 million, or \$0.85 per share, for the same period in 2014. Operating income for the first quarter was \$530.1 million, compared to \$533.7 million in the prior period. Schedules 1 and 2 of this news release contain a reconciliation of net operating earnings and operating earnings to GAAP net income and operating income, respectively.

“Our core infrastructure-focused business strategies at our utilities and pipeline businesses continued to deliver solid financial and operational results,” NiSource President & Chief Executive Officer **Robert C. Skaggs, Jr.** said.

“NiSource teams are successfully delivering on significant growth and modernization projects, advancing a variety of important regulatory and customer programs, and implementing our plan to separate into two premier, independent companies.”

Columbia Pipeline Group separation on track for July 1, 2015

During the first quarter, NiSource continued to make progress on its planned separation of Columbia Pipeline Group (CPG) into a stand-alone, publicly traded company, which is expected to become effective on July 1, 2015. CPG is expected to begin trading the next day on the New York Stock Exchange under the ticker symbol “CPGX.”

In early April, the companies discussed their respective financial plans with the three major credit rating agencies. NiSource expects that CPG will be formally rated prior to its May debt

recapitalization transaction and that NiSource's credit rating will be addressed at or just prior to the separation.

"We are solidly on track with our core separation strategies and key goals at both companies," Skaggs said. "Each company will be positioned to be premier in its respective business segment - well capitalized, with robust and transparent long-term growth plans, expected growing dividends and solid leadership - with the capacity and focus to deliver enhanced long-term growth."

The debt recapitalization process is expected to close in May 2015 and will include CPG issuing its own long-term debt to fund a one-time cash distribution to NiSource prior to the separation, which will be used, in large part, to reduce NiSource's net debt.

At the separation, NiSource shareholders will retain their current shares of NiSource stock and receive a pro-rata dividend of shares of CPG stock, expected to be at a 1-to-1 ratio. The actual number of CPG shares to be distributed to NiSource shareholders will be determined prior to closing. The transaction is expected to be tax-free to NiSource and its shareholders, and is subject to various conditions, including final approval by the NiSource board of directors.

Webcasts scheduled for May 14, 2015, to highlight independent company investment propositions

To highlight NiSource's and CPG's growth strategies following the planned separation, the companies are hosting webcasts on Thursday, May 14, 2015.

NiSource's post-separation executive team, led by announced Chief Executive Officer **Joseph Hamrock**, will present an update on the separation process, and provide an overview of its pure-play utility investment and customer proposition from 9:00 a.m. - 10:30 a.m. ET. A webcast of the event with accompanying presentations will be available at www.nisource.com. The webcast also will be archived at the NiSource website.

CPG's post-separation executive team, led by announced Chairman & Chief Executive Officer Bob Skaggs, will provide an overview of CPG's business strategy, highlighting its growth and infrastructure investment inventory, from 10:30 a.m. - noon ET. A webcast of the event with accompanying presentations will be available at www.nisource.com. The webcast also will be archived at the NiSource website.

First Quarter 2015 Highlights

Columbia Pipeline Group growth projects address market needs and complement long-term system modernization program

During the first quarter, CPG continued to strengthen its competitive market position in the Marcellus and Utica Shale production regions by advancing several major growth projects and executing on the company's long-term system modernization program. In total, CPG is on track to invest approximately \$1.1 billion in these and other infrastructure projects during 2015.

- In January, CPG commenced the third year of the **Columbia Gas Transmission long-term system modernization program**. CPG expects to invest approximately \$300 million in modernization investments during the year. Recovery of approximately \$320 million of investments made in 2014 began on February 1, 2015. A settlement with the company's customers - approved in early 2013 - addresses the initial five years of an expected 10-15 year program that exceeds \$4 billion in investment.

- On March 27, CPG launched binding open seasons for its proposed **Mountaineer XPress (MXP)** and **Gulf XPress (GXP)** projects. These projects, which have a critical mass of firm customer commitments in place, would provide significant new transportation capacity for Marcellus and Utica Shale production. MXP would provide up to 2.7 billion cubic feet per day of firm transportation capacity along the Columbia Gas Transmission system. GXP would provide nearly 900 million cubic feet per day of firm transportation capacity by adding compression and looping along the existing Columbia Gulf Transmission system. Together, both projects could involve an investment of approximately \$2.6 billion. CPG is very encouraged by the results of the open season, which concluded April 23.
- CPG's **East Side Expansion** project remains on schedule to be placed in service in the fourth quarter of 2015. The \$275 million project will provide approximately 315 million cubic feet per day of additional capacity for Marcellus Shale supplies to reach growing - and capacity constrained - northeastern and mid-Atlantic markets.
- Progress continues on several other major growth projects, including CPG's approximately \$1.8 billion combined investment in the **Leach** and **Rayne XPress** projects, the \$850 million **WB XPress** project, the \$310 million **Cameron Access** project, the \$50 million **Utica Access** project, the \$30 million **Chesapeake LNG Plant Upgrade** project, and the \$25 million **Kentucky Power Plant Conversion** project. Together, these projects will entail approximately 4 billion cubic feet of new capacity commitments across the CPG system, including access to LNG export facilities in Louisiana and Maryland.
- Columbia Midstream Group remains on budget and schedule with the first phase of its \$120 million **Washington County Gathering** project and its approximately \$65 million **Big Pine Expansion** project. Both are expected to be in service before the end of 2015.

NIPSCO on track with modernization, environmental and electric transmission investments

Northern Indiana Public Service Co. (NIPSCO), NiSource's Indiana natural gas and electric business, remains on track with a broad agenda of reliability, modernization, customer service and environmental investments.

- NIPSCO remains on schedule and on budget with its **flue gas desulfurization (FGD) unit** at its Michigan City Generating Station. The approximately \$265 million project is expected to be placed in service by the end of this year. Another approximately \$80 million in environmental investments also will be completed at NIPSCO's coal-fired generating facilities this year. These investments, supported with cost recovery, help improve air quality and ensure NIPSCO's generation fleet remains in compliance with current environmental regulations. These investments also help ensure that NIPSCO can continue offering low-cost, reliable and efficient generating capacity for its customers.
- During the first quarter, NIPSCO commenced 2015 investments under the company's seven-year, approximately \$2 billion electric and natural gas modernization programs. The company plans to invest approximately \$193 million (\$124 million gas | \$69 million electric) on modernization projects in 2015. The investments will help improve system reliability and safety while delivering economic development benefits to the region. NIPSCO remains committed to these investments while continuing to work through the legal process following a recent Indiana Court of Appeals decision.

- Progress also continued on two major NIPSCO electric transmission projects designed to enhance region-wide system flexibility and reliability. The **Greentown-Reynolds** project is an approximately 70-mile, 765-kilovolt line being constructed in a joint development agreement with Pioneer Transmission, and the **Reynolds-Topeka** project is a 100-mile, 345-kilovolt line. Right-of-way acquisition and permitting are under way for both projects and construction has begun on the Reynolds-Topeka line. These projects involve an investment of approximately \$500 million for NIPSCO and are anticipated to be in service by the end of 2018.

Gas Distribution segment maintains execution focus with continued progress on modernization investments and regulatory initiatives

NiSource Gas Distribution companies continue to execute expanded infrastructure replacement and enhancement programs, complemented by a variety of customer programs and regulatory initiatives.

- NiSource expects to invest approximately \$900 million during 2015 as part of more than \$20 billion in long-term infrastructure investment opportunities for the company's gas distribution businesses. These investments **help improve reliability and safety for customers and the community**, provide additional customer access to natural gas service and reduce emissions. Through transparent recovery mechanisms, these investments also generate sustainable returns for shareholders.
- On March 19, **Columbia Gas of Pennsylvania** (CPA) filed a rate case with the Pennsylvania Public Utility Commission to support continuation of CPA's infrastructure modernization and safety programs. If approved as filed, the case would increase annual revenues by approximately \$46 million. A decision is expected later this year.
- **Columbia Gas of Massachusetts** (CMA) filed a base rate case on April 16, 2015, with the Massachusetts Department of Public Utilities (DPU). The case seeks to recover costs to support CMA's multi-year modernization plan to maintain the safety and reliability of natural gas service for customers. If approved as filed, the case would increase annual revenues by approximately \$49 million. A decision is expected with rates in effect by March 1, 2016.
- A decision on CMA's 2015 **Gas System Enhancement Plan** is expected to be issued by the DPU later today. Cost recovery associated with the 2015 investments outlined in the current plan would begin on May 1, 2015, and increase annual revenues by approximately \$2.6 million.
- **Columbia Gas of Virginia's** base rate case remains pending with the Virginia State Corporation Commission. A stipulated settlement with staff and intervening parties approved a revenue increase of approximately \$25 million. A final order is expected later this year.
- On April 22, the Public Utilities Commission of Ohio approved **Columbia Gas of Ohio's** (COH) annual infrastructure replacement and demand-side management rider. The rider provides for recovery of COH's well-established pipeline replacement program and customer energy efficiency program investments.

First Quarter 2015 Operating Earnings - Segment Results (non-GAAP)

NiSource's consolidated operating earnings (non-GAAP) for the three months ended March 31, 2015, were \$528.7 million, compared to \$509.1 million for the same period in 2014. Refer to Schedule 2 for the items included in 2015 and 2014 GAAP operating income but excluded from operating earnings.

Operating earnings for NiSource's business segments for the three months ended March 31, 2015, are discussed below.

Columbia Pipeline Group Operations reported operating earnings of \$163.0 million for the three months ended March 31, 2015, compared with operating earnings of \$158.9 million for the prior year period. Net revenues, excluding the impact of trackers, increased by \$21.6 million primarily due to higher demand margin revenue as a result of growth projects placed into service and new firm contracts. This increase was partially offset by decreased mineral rights royalty revenue.

Operating expenses, excluding the impact of trackers, increased by \$23.1 million primarily due to lower gains on the conveyance of mineral interests, higher employee and administrative costs and increased depreciation. Equity earnings increased by \$5.6 million primarily from increased earnings at Millennium Pipeline and Pennant Midstream.

Electric Operations reported operating earnings of \$67.2 million for the three months ended March 31, 2015, compared with operating earnings of \$74.2 million for the prior year period. Net revenues, excluding the impact of trackers, decreased by \$0.2 million primarily due to decreased off-system sales and lower industrial margins. These decreases were partially offset by lower fuel handling costs, higher revenue related to two electric transmission projects authorized by the Midcontinent Independent System Operator (MISO), and increased environmental investment cost recovery.

Operating expenses, excluding the impact of trackers, increased by \$6.8 million due primarily to higher employee and administrative costs and increased environmental expenses.

Gas Distribution Operations reported operating earnings of \$305.8 million for the three months ended March 31, 2015, compared with operating earnings of \$280.1 million for the prior year period. Net revenues, excluding the impact of trackers, increased by \$42.8 million primarily attributable to increases in regulatory and service programs, including the impact of new rates at Columbia Gas of Pennsylvania, Columbia Gas of Virginia and Columbia Gas of Massachusetts, as well as the implementation of new rates under Columbia Gas of Ohio's approved infrastructure replacement program.

Operating expenses, excluding the impact of trackers, increased by \$17.1 million due primarily to increased employee and administrative costs, higher depreciation, and increased outside service costs.

Corporate and Other Operations reported an operating earnings loss of \$ 7.3 million for the three months ended March 31, 2015, compared with an operating loss of \$4.1 million for the three months ended March 31, 2014. The increase is primarily due to higher employee and administrative costs.

Other Items

Interest expense, net was \$111.0 million for the three months ended March 31, 2015 compared to interest expense, net of \$109.1 million for the prior period.

Other, net reflected income of \$7.1 million compared to income of \$4.5 million in 2014 primarily due to current period transmission agreement income.

The effective tax rate of net operating earnings was 35.2 percent compared to 36.1 percent for the same period last year.

About NiSource

NiSource Inc. (NYSE: NI), based in Merrillville, Indiana, is a Fortune 500 company engaged in natural gas transmission, storage and distribution, as well as electric generation, transmission and distribution. NiSource operating companies deliver energy to 3.8 million customers located within the high-demand energy corridor stretching from the Gulf Coast through the Midwest to New England. Information about NiSource and its subsidiaries is available via the Internet at www.nisource.com. NI-F

Forward-Looking Statements

This news release contains forward-looking statements within the meaning of federal securities laws. These forward-looking statements are subject to various risks and uncertainties. Examples of forward-looking statements in this release include statements and expectations regarding the timing of the separation, as well as NiSource's and CPG's leadership, business, performance and growth following the separation. Factors that could cause actual results to differ materially from the projections, forecasts, estimates and expectations discussed in this release include, among other things, the timing to consummate the transactions described herein; the risk that a condition to consummation is not satisfied; disruption to operations as a result of the proposed transactions; the inability of one or more of the businesses to operate independently following the completion of the proposed transactions; weather; fluctuations in supply and demand for energy commodities; growth opportunities for NiSource's businesses; increased competition in deregulated energy markets; the success of regulatory and commercial initiatives; dealings with third parties over whom NiSource has no control; actual operating experience of NiSource's assets; the regulatory process; regulatory and legislative changes; changes in general economic, capital and commodity market conditions; and counter-party credit risk, and the matters set forth in the "Risk Factors" section in NiSource's 2014 Form 10-K, many of which are beyond the control of NiSource. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this news release. NiSource expressly disclaims any obligation to update, amend or clarify any of the forward-looking statements contained in this release to reflect events, new information or circumstances occurring after the date of this release except as required by applicable law.

The potential distribution of CPG shares is subject to the satisfaction of a number of conditions, including the final approval of NiSource's Board of Directors. There is no assurance that such distribution will in fact occur.

NiSource Inc.
Consolidated Net Operating Earnings (Non-GAAP)
(unaudited)

<i>(in millions, except per share amounts)</i>	Three Months Ended March 31,	
	2015	2014
Net Revenues		
Gas Distribution	\$ 1,061.3	\$ 1,193.3
Gas Transportation and Storage	628.0	578.5
Electric	391.9	445.3
Other	46.3	77.0
Gross Revenues	2,127.5	2,294.1
Cost of Sales (excluding depreciation and amortization)	806.0	1,061.3
Total Net Revenues	1,321.5	1,232.8
Operating Expenses		
Operation and maintenance	404.6	376.9
Operation and maintenance - trackers	149.0	124.3
Depreciation and amortization	156.4	148.7
Depreciation and amortization - trackers	1.1	—
Gain on sale of assets	(5.3)	(17.5)
Other taxes	72.3	70.6
Other taxes - trackers	30.1	30.5
Total Operating Expenses	808.2	733.5
Equity Earnings in Unconsolidated Affiliates	15.4	9.8
Operating Earnings	528.7	509.1
Other Income (Deductions)		
Interest expense, net	(111.0)	(109.1)
Other, net	7.1	4.5
Total Other Deductions	(103.9)	(104.6)
Operating Earnings From Continuing Operations		
Before Income Taxes	424.8	404.5
Income Taxes	149.6	146.1
Net Operating Earnings from Continuing Operations	275.2	258.4
Net Operating Earnings from Continuing Operations - Noncontrolling Interest	(6.9)	—
Net Operating Earnings from Continuing Operations - Controlling Interest	268.3	258.4
GAAP Adjustment	0.1	8.0
GAAP Income from Continuing Operations - Controlling Interest	\$ 268.4	\$ 266.4
Basic Net Operating Earnings Per Share from Continuing Operations	\$ 0.85	\$ 0.82
GAAP Basic Earnings Per Share from Continuing Operations	\$ 0.85	\$ 0.85
Basic Average Common Shares Outstanding	316.6	314.2

NiSource Inc.
Segment Operating Earnings (Non-GAAP)
(unaudited)

Gas Distribution Operations <i>(in millions)</i>	Three Months Ended March 31,	
	2015	2014
Net Revenues		
Sales revenues	\$ 1,436.9	\$ 1,543.9
Less: Cost of gas sold	722.6	923.0
Net Revenues	714.3	620.9
Operating Expenses		
Operation and maintenance	193.4	181.4
Operation and maintenance - trackers	98.4	47.4
Depreciation and amortization	56.1	52.2
Other taxes	30.5	29.3
Other taxes - trackers	30.1	30.5
Total Operating Expenses	408.5	340.8
Operating Earnings	\$ 305.8	\$ 280.1
GAAP Adjustment	19.4	21.7
GAAP Operating Income	\$ 325.2	\$ 301.8

Columbia Pipeline Group Operations <i>(in millions)</i>	Three Months Ended March 31,	
	2015	2014
Net Revenues		
Transportation revenues	\$ 251.1	\$ 222.3
Storage revenues	50.0	50.0
Other revenues	38.7	73.3
Total Operating Revenues	339.8	345.6
Less: Cost of sales	0.1	0.1
Net Revenues	339.7	345.5
Operating Expenses		
Operation and maintenance	102.2	94.7
Operation and maintenance - trackers	43.6	71.0
Depreciation and amortization	32.5	29.7
Gain on sale of assets	(5.3)	(17.5)
Other taxes	19.1	18.5
Total Operating Expenses	192.1	196.4
Equity Earnings in Unconsolidated Affiliates	15.4	9.8
Operating Earnings	\$ 163.0	\$ 158.9
GAAP Adjustment	—	—
GAAP Operating Income	\$ 163.0	\$ 158.9

NiSource Inc.
Segment Operating Earnings (Non-GAAP)
(unaudited)

Electric Operations <i>(in millions)</i>	Three Months Ended March 31,	
	2015	2014
Net Revenues		
Sales revenues	\$ 393.0	\$ 445.7
Less: Cost of sales	125.7	180.4
Net Revenues	267.3	265.3
Operating Expenses		
Operation and maintenance	113.2	106.6
Operation and maintenance - trackers	7.0	5.9
Depreciation and amortization	61.1	60.4
Depreciation and amortization - trackers	1.1	—
Other taxes	17.7	18.2
Total Operating Expenses	200.1	191.1
Operating Earnings	\$ 67.2	\$ 74.2
GAAP Adjustment	2.8	4.7
GAAP Operating Income	\$ 70.0	\$ 78.9

Corporate and Other Operations <i>(in millions)</i>	Three Months Ended March 31,	
	2015	2014
Operating Earnings (Loss)	\$ (7.3)	\$ (4.1)
GAAP Adjustment	(20.8)	(1.8)
GAAP Operating Income (Loss)	\$ (28.1)	\$ (5.9)

NiSource Inc.
Segment Volumes and Statistical Data

	Three Months Ended March 31,	
	2015	2014
Gas Distribution Operations		
Sales and Transportation (MMDth)		
Residential	153.1	156.5
Commercial	88.7	90.1
Industrial	146.8	136.8
Off System	13.5	14.3
Other	—	0.2
Total	402.1	397.9
Weather Adjustment	(35.5)	(36.1)
Sales and Transportation Volumes - Excluding Weather	366.6	361.8
Heating Degree Days	3,404	3,437
Normal Heating Degree Days	2,892	2,892
% Colder than Normal	18%	19%
Customers		
Residential	3,111,880	3,094,353
Commercial	284,081	283,000
Industrial	7,641	7,570
Other	15	20
Total	3,403,617	3,384,943

	Three Months Ended March 31,	
	2015	2014
Columbia Pipeline Group Operations		
Throughput (MMDth)		
Columbia Transmission	497.3	459.5
Columbia Gulf	145.7	184.9
Crossroads Pipeline	5.1	5.7
Intrasegment eliminations	(28.7)	(61.6)
Total	619.4	588.5

NiSource Inc.
Segment Volumes and Statistical Data

	Three Months Ended March 31,	
	2015	2014
Electric Operations		
Sales (Gigawatt Hours)		
Residential	865.8	896.2
Commercial	940.0	935.5
Industrial	2,425.4	2,607.1
Wholesale	116.9	311.8
Other	34.6	33.4
Total	4,382.7	4,784.0
Weather Adjustment	(42.2)	(70.0)
Sales Volumes - Excluding Weather	4,340.5	4,714.0
Electric Customers		
Residential	403,409	402,676
Commercial	54,695	54,378
Industrial	2,354	2,370
Wholesale	747	724
Other	5	5
Total	461,210	460,153

NiSource Inc.
Schedule 1 – Reconciliation of Net Operating Earnings to GAAP

<i>(in millions, except per share amounts)</i>	Three Months Ended March 31,	
	2015	2014
Net Operating Earnings from Continuing Operations - Controlling Interest	\$ 268.3	\$ 258.4
Items excluded from operating earnings		
Net Revenues:		
Weather - compared to normal	22.2	26.4
Operating Expenses:		
Transaction costs	(20.5)	—
Loss on sale of assets and asset impairments	(0.3)	(1.8)
Total items excluded from operating earnings	1.4	24.6
Other Deductions:		
Tax effect of above items	(0.7)	(9.6)
Income taxes - discrete items	(0.6)	(7.0)
Total items excluded from net operating earnings	0.1	8.0
GAAP Income from Continuing Operations - Controlling Interest	\$ 268.4	\$ 266.4
Basic Average Common Shares Outstanding	316.6	314.2
Basic Net Operating Earnings Per Share from Continuing Operations	\$ 0.85	\$ 0.82
Items excluded from net operating earnings (after-tax)	—	0.03
GAAP Basic Earnings Per Share from Continuing Operations	\$ 0.85	\$ 0.85

NiSource Inc.

Schedule 2 – Adjustments by Segment from Operating Earnings to GAAP
For the Quarter ended March 31,

2015 (in millions)	Gas Distribution	Columbia Pipeline Group	Electric	Corporate & Other	Total
Operating Earnings (Loss)	\$ 305.8	\$ 163.0	\$ 67.2	\$ (7.3)	\$ 528.7
Net Revenues:					
Weather - compared to normal	19.4	—	2.8	—	22.2
Total Impact - Net Revenues	19.4	—	2.8	—	22.2
Operating Expenses:					
Transaction costs	—	—	—	(20.5)	(20.5)
Loss on sale of assets and asset impairments	—	—	—	(0.3)	(0.3)
Total Impact - Operating Expenses	—	—	—	(20.8)	(20.8)
Total Impact - Operating Income (Loss)	\$ 19.4	\$ —	\$ 2.8	\$ (20.8)	\$ 1.4
Operating Income (Loss) - GAAP	\$ 325.2	\$ 163.0	\$ 70.0	\$ (28.1)	\$ 530.1

2014 (in millions)	Gas Distribution	Columbia Pipeline Group	Electric	Corporate & Other	Total
Operating Earnings (Loss)	\$ 280.1	\$ 158.9	\$ 74.2	\$ (4.1)	\$ 509.1
Net Revenues:					
Weather - compared to normal	21.7	—	4.7	—	26.4
Total Impact - Net Revenues	21.7	—	4.7	—	26.4
Operating Expenses:					
Loss on sale of assets and asset impairments	—	—	—	(1.8)	(1.8)
Total Impact - Operating Expenses	—	—	—	(1.8)	(1.8)
Total Impact - Operating Income (Loss)	\$ 21.7	\$ —	\$ 4.7	\$ (1.8)	\$ 24.6
Operating Income (Loss) - GAAP	\$ 301.8	\$ 158.9	\$ 78.9	\$ (5.9)	\$ 533.7

NiSource Inc.
Consolidated Income Statements (GAAP)
(unaudited)

<i>(in millions, except per share amounts)</i>	Three Months Ended March 31,	
	2015	2014
Net Revenues		
Gas Distribution	\$ 1,080.7	\$ 1,215.0
Gas Transportation and Storage	628.0	578.5
Electric	394.7	450.0
Other	46.3	77.0
Gross Revenues	2,149.7	2,320.5
Cost of Sales (excluding depreciation and amortization)	806.0	1,061.3
Total Net Revenues	1,343.7	1,259.2
Operating Expenses		
Operation and maintenance	574.1	501.2
Depreciation and amortization	157.5	148.7
Gain on sale of assets	(5.0)	(15.7)
Other taxes	102.4	101.1
Total Operating Expenses	829.0	735.3
Equity Earnings in Unconsolidated Affiliates	15.4	9.8
Operating Income	530.1	533.7
Other Income (Deductions)		
Interest expense, net	(111.0)	(109.1)
Other, net	7.1	4.5
Total Other Deductions	(103.9)	(104.6)
Income from Continuing Operations before Income Taxes	426.2	429.1
Income Taxes	150.9	162.7
Income from Continuing Operations	275.3	266.4
Loss from Discontinued Operations - net of taxes	—	(0.2)
Net Income	275.3	266.2
Less: Net income attributable to noncontrolling interest	6.9	—
Net Income attributable to NiSource	\$ 268.4	\$ 266.2
Amounts attributable to NiSource:		
Income from continuing operations	\$ 268.4	\$ 266.4
Loss from discontinued operations	—	(0.2)
Net Income attributable to NiSource	\$ 268.4	\$ 266.2
Basic Earnings Per Share		
Continuing operations	\$ 0.85	\$ 0.85
Discontinued operations	—	—
Basic Earnings Per Share	\$ 0.85	\$ 0.85
Diluted Earnings Per Share		
Continuing operations	\$ 0.85	\$ 0.85
Discontinued operations	—	—
Diluted Earnings Per Share	\$ 0.85	\$ 0.85
Dividends Declared Per Common Share	\$ 0.52	\$ 0.50
Basic Average Common Shares Outstanding	316.6	314.2
Diluted Average Common Shares	317.4	315.1

NiSource Inc.
Consolidated Balance Sheets (GAAP)
(unaudited)

<i>(in millions)</i>	March 31, 2015	December 31, 2014
ASSETS		
Property, Plant and Equipment		
Utility plant	\$ 25,593.9	\$ 25,234.8
Accumulated depreciation and amortization	(9,686.7)	(9,578.6)
Net utility plant	15,907.2	15,656.2
Other property, at cost, less accumulated depreciation	376.2	360.9
Net Property, Plant and Equipment	16,283.4	16,017.1
Investments and Other Assets		
Unconsolidated affiliates	447.9	452.6
Other investments	208.7	210.4
Total Investments and Other Assets	656.6	663.0
Current Assets		
Cash and cash equivalents	42.0	25.4
Restricted cash	21.6	24.9
Accounts receivable (less reserve of \$40.3 and \$25.2, respectively)	1,152.0	1,070.1
Gas inventory	134.4	445.1
Underrecovered gas and fuel costs	25.5	32.0
Materials and supplies, at average cost	109.0	106.0
Electric production fuel, at average cost	75.5	64.8
Exchange gas receivable	77.0	63.1
Regulatory assets	159.5	193.5
Deferred income taxes	277.2	272.1
Prepayments and other	187.3	169.5
Total Current Assets	2,261.0	2,466.5
Other Assets		
Regulatory assets	1,683.2	1,696.4
Goodwill	3,666.2	3,666.2
Intangible assets	261.9	264.7
Deferred charges and other	86.6	92.4
Total Other Assets	5,697.9	5,719.7
Total Assets	\$ 24,898.9	\$ 24,866.3

NiSource Inc.
Consolidated Balance Sheets (GAAP) (continued)
(unaudited)

<i>(in millions, except share amounts)</i>	March 31, 2015	December 31, 2014
CAPITALIZATION AND LIABILITIES		
Capitalization		
NiSource Common Stockholders' Equity		
Common stock - \$0.01 par value, 400,000,000 shares authorized; 317,281,405 and 316,037,421 shares outstanding, respectively	\$ 3.2	\$ 3.2
Additional paid-in capital	5,048.4	4,787.6
Retained earnings	1,597.5	1,494.0
Accumulated other comprehensive loss	(46.6)	(50.6)
Treasury stock	(79.0)	(58.9)
Total NiSource Common Stockholders' Equity	6,523.5	6,175.3
Noncontrolling interest in consolidated subsidiaries	946.2	—
Total Equity	7,469.7	6,175.3
Long-term debt, excluding amounts due within one year	7,957.9	8,155.9
Total Capitalization	15,427.6	14,331.2
Current Liabilities		
Current portion of long-term debt	462.7	266.6
Short-term borrowings	314.0	1,576.9
Accounts payable	563.9	670.6
Dividends payable	82.4	—
Customer deposits and credits	172.6	294.3
Taxes accrued	287.1	266.7
Interest accrued	81.4	140.7
Overrecovered gas and fuel costs	172.3	45.6
Exchange gas payable	65.8	136.2
Deferred revenue	25.5	25.6
Regulatory liabilities	102.0	62.4
Accrued capital expenditures	80.3	61.1
Accrued liability for postretirement and postemployment benefits	5.9	5.9
Legal and environmental	25.4	24.2
Other accruals	317.1	378.1
Total Current Liabilities	2,758.4	3,954.9
Other Liabilities and Deferred Credits		
Deferred income taxes	3,803.5	3,661.6
Deferred investment tax credits	16.7	17.3
Deferred credits	105.5	101.1
Accrued liability for postretirement and postemployment benefits	653.7	675.9
Regulatory liabilities	1,678.6	1,673.8
Asset retirement obligations	160.9	159.4
Other noncurrent liabilities	294.0	291.1
Total Other Liabilities and Deferred Credits	6,712.9	6,580.2
Commitments and Contingencies		
	—	—
Total Capitalization and Liabilities	\$ 24,898.9	\$ 24,866.3

NiSource Inc.
Statements of Consolidated Cash Flows (GAAP)
(unaudited)

Three Months Ended March 31, <i>(in millions)</i>	2015	2014
Operating Activities		
Net Income	\$ 275.3	\$ 266.2
Adjustments to Reconcile Net Income to Net Cash from Continuing Operations:		
Depreciation and amortization	157.5	148.7
Net changes in price risk management assets and liabilities	(0.5)	0.8
Deferred income taxes and investment tax credits	135.1	148.9
Deferred revenue	5.3	1.8
Stock compensation expense and 401(k) profit sharing contribution	19.4	13.9
Gain on sale of assets	(5.0)	(15.7)
Income from unconsolidated affiliates	(14.5)	(9.6)
Loss from discontinued operations - net of taxes	—	0.2
Amortization of debt related costs	2.5	2.4
AFUDC equity	(6.0)	(4.0)
Distributions of earnings received from equity investees	18.3	7.6
Changes in Assets and Liabilities		
Accounts receivable	(93.8)	(265.1)
Income tax receivable	—	0.9
Inventories	297.2	274.0
Accounts payable	(84.2)	126.5
Customer deposits and credits	(121.7)	(23.1)
Taxes accrued	22.0	19.3
Interest accrued	(59.3)	(61.1)
Over (Under) recovered gas and fuel costs	133.2	(74.2)
Exchange gas receivable/payable	(84.3)	(134.2)
Other accruals	(60.3)	(30.1)
Prepayments and other current assets	(16.2)	4.5
Regulatory assets/liabilities	90.6	2.9
Postretirement and postemployment benefits	(21.6)	(19.3)
Deferred credits	5.8	8.4
Deferred charges and other noncurrent assets	5.2	(0.2)
Other noncurrent liabilities	4.3	4.0
Net Operating Activities from Continuing Operations	604.3	394.4
Net Operating Activities from (used for) Discontinued Operations	—	(0.4)
Net Cash Flows from Operating Activities	604.3	394.0
Investing Activities		
Capital expenditures	(407.5)	(386.3)
Proceeds from disposition of assets	11.7	5.3
Restricted cash withdrawals (deposits)	3.3	(2.9)
Distributions from (contributions to) equity investees	1.2	(31.0)
Other investing activities	2.4	7.0
Net Cash Flows used for Investing Activities	(388.9)	(407.9)
Financing Activities		
Issuance of common units of CPPL, net of issuance costs	1,168.4	—
Repayments of long-term debt and capital lease obligations	(8.0)	(9.1)
Change in short-term borrowings, net	(1,262.9)	113.8
Issuance of common stock	5.9	8.9
Acquisition of treasury stock	(20.1)	(10.0)

Dividends paid - common stock	(82.1)	(78.5)
Net Cash Flows (used for) from Financing Activities	(198.8)	25.1
Change in cash and cash equivalents from continuing operations	16.6	11.6
Change in cash and cash equivalents from (used for) discontinued operations	—	(0.4)
Cash and cash equivalents at beginning of period	25.4	26.8
Cash and Cash Equivalents at End of Period	\$ 42.0	\$ 38.0

NISOURCE INC/DE

FORM 8-K (Current report filing)

Filed 05/05/15 for the Period Ending 05/05/15

Address	801 EAST 86TH AVE MERRILLVILLE, IN 46410-6272
Telephone	2196475200
CIK	0001111711
Symbol	NI
Fiscal Year	12/31

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

**CURRENT REPORT
Pursuant To Section 13 OR 15(d)
of The Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): May 5, 2015

NiSource Inc.

(Exact name of registrant as specified in its charter)

Commission file number 001-16189

Delaware
(State or other jurisdiction of
incorporation or organization)

35-2108964
(I.R.S. Employer
Identification No.)

801 East 86th Avenue
Merrillville, Indiana
(Address of principal executive offices)

46410
(Zip Code)

Registrant's telephone number, including area code (877) 647-5990

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions.

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2 (b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4 (c))
-
-

Item 8.01 **Other Events**

On May 5, 2015, NiSource Inc. issued a press release announcing a cash tender offer by its finance subsidiary, NiSource Finance Corp., for its 5.250% Notes due 2017, 6.400% Notes due 2018, 4.450% Notes due 2021, and 3.850% Notes due 2023 (collectively, the “Notes”). NiSource Finance Corp.’s obligations under the Notes are fully and unconditionally guaranteed by NiSource Inc.

Item 9.01 **Financial Statements and Exhibits**

(d) *Exhibits*

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press release dated May 5, 2015.

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 hereunto duly authorized.

NiSource Inc.

(Registrant)

Date: May 5, 2015

By: /s/ David J. Vajda

David J. Vajda
Vice President, Treasurer and Chief Risk Officer

EXHIBIT INDEX

**Exhibit
Number**

Description

99.1

Press release dated May 5, 2015.



NiSource Finance Corp. Announces \$750,000,000 Cash Tender Offer for Certain Notes

MERRILLVILLE, Ind. - May 5, 2015 – NiSource Inc. (NYSE: NI) announced today that its finance subsidiary, NiSource Finance Corp., has commenced a cash tender offer (the “Tender Offer”) for up to a combined aggregate principal amount of \$750,000,000 of its 5.250% Notes due 2017, 6.400% Notes due 2018, 4.450% Notes due 2021, and 3.850% Notes due 2023.

The Tender Offer is being made pursuant to, and subject to the terms and conditions in, an Offer to Purchase, dated May 5, 2015 (the “Offer to Purchase”) which sets forth a description of the terms of the Tender Offer. A summary of certain terms of the Tender Offer is below:

<u>Title of Security</u>	<u>CUSIP Number</u>	<u>Aggregate Principal Amount Outstanding</u>	<u>Tender Cap</u>	<u>Acceptance Priority Level</u>	<u>Reference U.S. Treasury Security</u>	<u>Bloomberg Reference Page ⁽¹⁾</u>	<u>Fixed Spread (basis points)</u>
5.250% Notes due 2017	65473QAQ6	\$450,000,000	\$275,000,000	1	1.000% U.S. Treasury due September 15, 2017	FIT5	25 bps
6.400% Notes due 2018	65473QAS2	\$800,000,000	\$300,000,000	2	1.000% U.S. Treasury due March 15, 2018	FIT5	30 bps
4.450% Notes due 2021	65473QAY9	\$250,000,000	N/A	3	1.375% U.S. Treasury due April 30, 2020	FIT1	90 bps
3.850% Notes due 2023	65473QBA0	\$250,000,000	N/A	4	2.000% U.S. Treasury due February 15, 2025	FIT1	60 bps

- (1) The applicable page on Bloomberg from which Goldman, Sachs & Co. and Morgan Stanley & Co. LLC will quote the bid side prices of the applicable Reference U.S. Treasury Security.

The Tender Offer will expire at 11:59 p.m., Eastern Time, on June 2, 2015, unless extended (such date and time, as the same may be extended, the “Expiration Time”). Holders of Notes must validly tender and not validly withdraw their Notes on or before 5:00 p.m., Eastern time, on May 18, 2015, unless extended (such date and time, as the same may be extended, the “Early Tender Deadline”) to be eligible to receive the applicable Total Consideration (as defined below) for their tendered Notes. After such time, the Notes may not be withdrawn except in certain limited circumstances where additional withdrawal rights are required by law.

The “Total Consideration” for each \$1,000 principal amount of Notes of any series tendered and accepted for purchase pursuant to the Tender Offer will be determined in the manner described in the Offer to Purchase by reference to the applicable fixed spread specified for such series over the yield based on the bid-side price of the applicable U.S. Treasury Security specified for such series in the table above and on the front cover of the Offer to Purchase. Holders of Notes that are validly tendered and not validly withdrawn on or before the Early Tender Deadline and accepted for purchase will receive the applicable Total Consideration for such Notes, which includes an early tender payment of \$30.00 per \$1,000 principal amount of Notes accepted for purchase (the “Early Tender Premium”). Holders of Notes that are validly tendered after the Early Tender Deadline and on or before the Expiration Time and accepted for purchase will receive the applicable Tender Consideration for such Notes, which equals the applicable Total Consideration for such Notes minus the Early Tender Premium. Holders whose Notes are accepted for purchase pursuant to the Tender Offer will also receive accrued and unpaid interest on their purchased Notes from the last interest payment date for such Notes to, but excluding, the applicable settlement date.

The Tender Offer is not conditioned upon any minimum amount of Notes being tendered, and the Tender Offer may be amended, extended, terminated or withdrawn in whole or with respect to one or more series of Notes. The amounts of each series of Notes that are purchased on any settlement date will be determined in accordance with the Acceptance Priority Levels set forth on the table above and the front cover of the Offer to Purchase (the "Acceptance Priority Levels"), with 1 being the highest Acceptance Priority Level and 4 being the lowest Acceptance Priority Level. In addition, no more than \$275,000,000 aggregate principal amount of the series of Notes with Acceptance Priority Level 1 and no more than \$300,000,000 aggregate principal amount of the series of Notes with Acceptance Priority Level 2 will be purchased in the Tender Offer (each such aggregate principal amount, a "Tender Cap" with respect to the applicable series of Notes). NiSource will only accept for purchase Notes up to a combined aggregate principal amount of \$750,000,000 (the "Maximum Amount"), subject to the applicable Tender Caps and Acceptance Priority Levels.

NiSource reserves the right to increase or decrease the Maximum Amount, increase, decrease or eliminate any Tender Cap, or change the Acceptance Priority Level with respect to any series of Notes. If Holders tender more Notes in the Tender Offer than they expect to be accepted for purchase by NiSource based on a lower Acceptance Priority Level and/or any applicable Tender Cap for the Notes being tendered, and NiSource subsequently accepts more than such Holders expected of such Notes tendered and not validly withdrawn on or before the Withdrawal Deadline, such Holders will not be able to withdraw any of their previously tendered Notes. Accordingly, Holders should not tender any Notes that they do not wish to be accepted for purchase.

Subject to the applicable Tender Caps, all Notes validly tendered and not validly withdrawn on or before the Early Tender Deadline having a higher Acceptance Priority Level will be accepted before any tendered Notes having a lower Acceptance Priority Level are accepted in the Tender Offer, and all Notes validly tendered after the Early Tender Deadline having a higher Acceptance Priority Level will be accepted before any Notes tendered after the Early Tender Deadline having a lower Acceptance Priority Level are accepted in the Tender Offer. However, Notes validly tendered and not validly withdrawn at or prior to the Early Tender Deadline will be accepted for purchase in priority to other Notes tendered after the Early Tender Deadline, even if such Notes tendered after the Early Tender Deadline have a higher Acceptance Priority Level than Notes tendered prior to the Early Tender Deadline.

Notes of a series subject to a Tender Cap may be subject to proration if the aggregate principal amount of the Notes of such series validly tendered and not validly withdrawn is greater than the applicable Tender Cap. Furthermore, if purchasing all of the tendered Notes of a series of Notes of an applicable Acceptance Priority Level on any settlement date would cause the Maximum Amount or applicable Tender Cap to be exceeded, the amount of that series of Notes purchased on that settlement date will be prorated based on the aggregate principal amount of that series of Notes tendered in respect of that settlement date such that the Maximum Amount or applicable Tender Cap will not be exceeded. Furthermore, if the Tender Offer is fully subscribed as of the Early Tender Deadline, Holders who validly tender Notes after the Early Tender Deadline will not have any of their Notes accepted for payment. If a series of Notes is fully subscribed up to the applicable Tender Cap as of the Early Tender Deadline, Holders who validly tender Notes of such series after the Early Tender Deadline will not have any of their Notes accepted for payment (absent any subsequent increase in the applicable Tender Cap).

Subject to applicable law, the Tender Offer may be amended, extended, terminated or withdrawn with respect to one or more series of Notes. If the Tender Offer is terminated with respect to any series of Notes without Notes of such series being accepted for purchase, Notes of such series tendered pursuant to

the Tender Offer will promptly be returned to the tendering holders. Notes tendered pursuant to the Tender Offer and not purchased due to the priority acceptance procedures or due to proration will be returned to the tendering holders promptly following the Expiration Time or, if the Tender Offer is fully subscribed as of the Early Tender Deadline, promptly following the Early Tender Deadline.

The Tender Offer is subject to the satisfaction or waiver of certain conditions set forth in the Offer to Purchase, including, among other things, the payment of a special dividend to NiSource by Columbia Pipeline Group, Inc., a business unit of NiSource that is expected to separate from NiSource and become a stand-alone publicly traded company, in accordance with the terms of the financing condition more fully described in the Offer to Purchase.

This press release is neither an offer to purchase nor a solicitation of an offer to sell securities. No offer, solicitation, purchase or sale will be made in any jurisdiction in which such offer, solicitation, or sale would be unlawful. The Tender Offer is being made solely pursuant to terms and conditions set forth in the Offer to Purchase. This press release is being issued pursuant to and in accordance with Rule 134 under the Securities Act of 1933, as amended.

Goldman, Sachs & Co. and Morgan Stanley & Co. LLC are serving as Dealer Managers for the Tender Offer. Questions regarding the Tender Offer may be directed to Goldman, Sachs & Co. at (800) 828-3182 (toll free) or (212) 902-6941 (collect) or to Morgan Stanley & Co. LLC at (800) 624-1808 (toll free) or (212) 761-1057 (collect). Requests for the Offer to Purchase or the documents incorporated by reference therein may be directed to Global Bondholder Services Corporation, which is acting as Tender and Information Agent for the Tender Offer, at the following telephone numbers: banks and brokers, (212) 430-3774; all others toll free at (866) 470-4500.

About NiSource

NiSource Inc. (NYSE: NI), based in Merrillville, Ind., is a Fortune 500 company engaged in natural gas transmission, storage and distribution, as well as electric generation, transmission and distribution. NiSource operating companies deliver energy to 3.8 million customers located within the high-demand energy corridor stretching from the Gulf Coast through the Midwest to New England. Information about NiSource and its subsidiaries is available via the Internet at www.nisource.com. NI-F

Forward-Looking Statements

This release contains forward-looking statements within the meaning of the federal securities laws. Those statements include statements regarding the intent, plans, belief or current expectation of NiSource and its management. Although NiSource believes that its expectations are based on reasonable assumptions, it can give no assurance that its goals will be achieved. Readers are cautioned that the forward-looking statements in this release are not guarantees of future performance and involve a number of risks and uncertainties and that actual results could differ materially from those indicated by such forward-looking statements. Important factors that could cause actual results to differ materially from those indicated by such forward-looking statements include, among other things, weather, fluctuations in supply and demand for energy commodities, growth opportunities for NiSource's businesses, increased competition in deregulated energy markets, the success of regulatory and commercial initiatives, dealings with third parties over whom NiSource has no control, actual operating experience of NiSource's assets, the regulatory process, regulatory and legislative changes, the impact of potential new environmental laws or regulations, the results of material litigation, changes in pension funding requirements, changes in general economic, capital and commodity market conditions, counterparty credit risk, the timing to consummate the proposed separation of Columbia Pipeline Group (the "Proposed Separation"); the risk that a condition to the Proposed Separation is not satisfied; disruption to operations as a result of the Proposed

Separation, the inability of one or more of NiSource's businesses to operate independently following the completion of the Proposed Separation and the matters set forth in the "Risk Factors" section of NiSource's Annual Report on Form 10-K for the fiscal year ended December 31, 2014, many of which are beyond NiSource's control. In addition, the relative contributions to profitability by each segment, and the assumptions underlying the forward-looking statements relating thereto, may change over time. NiSource expressly disclaims a duty to update any of the forward looking statements contained in this release.

NISOURCE INC/DE

FORM 8-K (Current report filing)

Filed 05/12/15 for the Period Ending 05/12/15

Address	801 EAST 86TH AVE MERRILLVILLE, IN 46410-6272
Telephone	2196475200
CIK	0001111711
Symbol	NI
Fiscal Year	12/31

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

**CURRENT REPORT
Pursuant To Section 13 OR 15(d)
of The Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): May 12, 2015

NiSource Inc.

(Exact name of registrant as specified in charter)

Delaware
(State or other jurisdiction
of incorporation)

001-16189
(Commission
file number)

35-2108964
(IRS Employer
Identification No.)

801 East 86th Avenue
Merrillville, Indiana
(Address of principal executive offices)

46410
(Zip Code)

Registrant's telephone number, including area code: (877) 647-5990

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2 (b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4 (c))
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Item 5.07. Submission of Matters to a Vote of Security Holders.

On May 12, 2015, NiSource Inc. (the “*Company*”) held its Annual Meeting of Stockholders (the “*Annual Meeting*”). Set forth below are the matters acted upon by the stockholders of the Company at the Annual Meeting as described in the Company’s Proxy Statement filed on April 7, 2015, and the final voting results for each matter.

Proposal 1: Election of Directors. The number of votes cast for and against each nominee, as well as the number of abstentions and broker non-votes, were as follows:

<u>Name of Nominee</u>	<u>Votes For</u>	<u>Votes Against</u>	<u>Abstentions</u>	<u>Broker Non-Votes</u>
Richard A. Abdo	249,786,446	2,483,423	1,246,476	22,518,759
Aristides S. Candris	250,243,223	1,946,767	1,326,354	22,518,759
Sigmund L. Cornelius	249,781,958	2,479,699	1,254,688	22,518,759
Michael E. Jesanis	250,228,989	2,051,678	1,235,678	22,518,759
Marty R. Kittrell	250,520,375	1,731,260	1,264,710	22,518,759
W. Lee Nutter	249,982,713	2,346,702	1,186,930	22,518,759
Deborah S. Parker	249,251,711	2,977,027	1,287,607	22,518,759
Robert C. Skaggs, Jr.	250,336,188	2,066,031	1,114,126	22,518,759
Teresa A. Taylor	249,501,511	2,777,121	1,237,713	22,518,759
Richard L. Thompson	248,504,692	3,767,236	1,244,417	22,518,759
Carolyn Y. Woo	247,979,566	4,419,927	1,116,852	22,518,759

Each nominee, having received more votes in favor of his or her election than against election, was elected.

Proposal 2: Advisory Approval of Executive Compensation. The number of votes cast for and against this matter, as well as the number of abstentions, were as follows:

<u>Votes For</u>	<u>Votes Against</u>	<u>Abstentions</u>
243,757,879	7,980,834	1,777,632

There were 22,518,759 broker non-votes as to Proposal 2.

Proposal 2, having received the affirmative vote of the holders of at least a majority of the shares of common stock present or represented by proxy and entitled to vote at the Annual Meeting, was approved on an advisory basis.

Proposal 3: Ratification of Independent Registered Public Accountants. The number of votes cast for and against this matter, as well as the number of abstentions, were as follows:

<u>Votes For</u>	<u>Votes Against</u>	<u>Abstentions</u>
269,756,838	5,148,110	1,130,156

There were no broker non-votes as to Proposal 3.

Proposal 3, having received the affirmative vote of the holders of at least a majority of the shares of common stock present or represented by proxy and entitled to vote at the Annual Meeting, was approved.

Proposal 4: Amendment of the Company's Certificate of Incorporation to give stockholders the power to request special meetings of the stockholders. The number of votes cast for and against this matter, as well as the number of abstentions, were as follows:

<u>Votes For</u>	<u>Votes Against</u>	<u>Abstentions</u>
249,949,223	2,469,778	1,097,344

There were 22,518,759 broker non-votes as to Proposal 4.

Proposal 4, having received the affirmative vote of the holders of at least a majority of the shares of common stock present or represented by proxy and entitled to vote at the Annual Meeting, was approved.

Proposal 5: Amendment of the Company's Certificate of Incorporation to reduce the minimum number of Company directors from nine to seven. The number of votes cast for and against this matter, as well as the number of abstentions, were as follows:

<u>Votes For</u>	<u>Votes Against</u>	<u>Abstentions</u>
250,299,509	2,137,207	1,079,633

There were 22,518,759 broker non-votes as to Proposal 5.

Proposal 5, having received the affirmative vote of the holders of at least a majority of the shares of common stock present or represented by proxy and entitled to vote at the Annual Meeting, was approved.

Proposal 6: Re-Approval of the Company's 2010 Omnibus Incentive Plan pursuant to Section 162(m) of the Internal Revenue Code. The number of votes cast for and against this matter, as well as the number of abstentions, were as follows:

<u>Votes For</u>	<u>Votes Against</u>	<u>Abstentions</u>
241,576,415	10,054,743	1,885,187

There were 22,518,759 broker non-votes as to Proposal 6.

Proposal 6, having received the affirmative vote of the holders of at least a majority of the shares of common stock present or represented by proxy and entitled to vote at the Annual Meeting, was approved.

Proposal 7: Approval of an Amendment to the Company's Employee Stock Purchase Plan to increase the maximum number of shares available under the plan. The number of votes cast for and against this matter, as well as the number of abstentions, were as follows:

<u>Votes For</u>	<u>Votes Against</u>	<u>Abstentions</u>
247,596,365	3,322,836	2,597,144

There were 22,518,759 broker non-votes as to Proposal 7.

Proposal 7, having received the affirmative vote of the holders of at least a majority of the shares of common stock present or represented by proxy and entitled to vote at the Annual Meeting, was approved.

Proposal 8: Stockholder Proposal Regarding Reports on Political Contributions. The number of votes cast for and against this matter, as well as the number of abstentions, were as follows:

<u>Votes For</u>	<u>Votes Against</u>	<u>Abstentions</u>
91,048,017	113,480,019	48,988,309

There were 22,518,759 broker non-votes as to Proposal 8.

Proposal 8, having failed to receive the affirmative vote of the holders of at least a majority of the shares of common stock present or represented by proxy and entitled to vote at the Annual Meeting, was not approved.

Item 7.01 Regulation FD Disclosure.

On May 12, 2015, the Company issued a press release announcing its intention for the Company and Columbia Pipeline Group, Inc. to pay shareholders an initial combined quarterly common stock dividend of 28 cents per share following the previously announced separation of the two companies. The Company's press release announcing the dividend increase is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

Item 9.01 Financial Statements and Exhibits.

(d) *Exhibits*

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press Release issued on May 12, 2015

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 hereunto duly authorized.

May 12, 2015

NISOURCE INC.

By: /s/ Robert E. Smith

Robert E. Smith

Vice President and Corporate Secretary

EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press Release issued on May 12, 2015

NEWS



801 E. 86th Avenue
Merrillville, IN 46410

FOR IMMEDIATE RELEASE

May 12, 2015

FOR ADDITIONAL INFORMATION

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Vice President
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Vice President
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blconnery955@nisource.com

NiSource announces intent for post-separation companies to increase combined dividends by 7.7 percent

Dividends to be payable to NiSource and Columbia Pipeline Group Shareholders

MERRILLVILLE, Ind. – The Board of Directors of NiSource Inc. (NYSE: NI) today announced its intention for NiSource and Columbia Pipeline Group (CPG) to pay shareholders an initial combined quarterly common stock dividend of 28 cents per share following the previously announced separation of the two companies. The anticipated combined dividend represents a 7.7 percent increase over the current NiSource dividend.

The combined initial quarterly dividend per share is expected to be comprised of 15.5 cents and 12.5 cents for NiSource and CPG, respectively. Following the companies' separation, it is anticipated that NiSource will target a dividend growth rate of 4 to 6 percent annually and that CPG will target an average annual dividend growth rate of approximately 15 percent through 2020.

“The Board’s intention reaffirms one of our core separation commitments – to continue to grow our dividends as an initial key component of building sustainable shareholder value for both NiSource and Columbia Pipeline Group,” NiSource President & Chief Executive Officer **Robert C. Skaggs Jr.** said.

The actual dividends paid by NiSource and CPG will be declared by, and are subject to the approval of, their respective Boards following the separation. Post-separation dividends for the companies are expected to be paid on the normal NiSource dividend schedule.

Information on separation and NiSource share transfer

As previously announced, NiSource and CPG intend to separate into two independent companies effective July 1, 2015. CPG is expected to begin trading on its own on July 2, 2014, and listed on the New York Stock Exchange under the symbol “CPGX.” NiSource shareholders will retain their current shares of NiSource stock and will receive a pro-rata dividend of shares of CPG stock at a 1-to-1 ratio. The transaction is expected to be tax-free to NiSource and its shareholders. The actual number of CPG shares to be distributed to NiSource shareholders will be determined prior to closing.

About NiSource

NiSource Inc. (NYSE: NI), based in Merrillville, Indiana, is a Fortune 500 company engaged in natural gas transmission, storage and distribution, as well as electric generation, transmission and distribution. NiSource operating companies deliver energy to 3.8 million customers located within the high-demand energy corridor stretching from the Gulf Coast through the Midwest to New England. Information about NiSource and its subsidiaries is available via the Internet at www.nisource.com. NI-F

Forward-Looking Statements

This news release contains forward-looking statements within the meaning of federal securities laws. These forward-looking statements are subject to various risks and uncertainties. Examples of forward-looking statements in this release include statements and expectations regarding the timing of the separation, anticipated dividends by NiSource and CPG, as well as NiSource's and CPG's business following the separation and the leadership of NiSource and Columbia Pipeline Group, Inc. following the separation. Factors that could cause actual results to differ materially from the projections, forecasts, estimates and expectations discussed in this release include, among other things, the timing to consummate the transactions described herein; the risk that a condition to consummation is not satisfied; disruption to operations as a result of the proposed transactions; the inability of one or more of the businesses to operate independently following the completion of the proposed transactions; weather; fluctuations in supply and demand for energy commodities; growth opportunities for NiSource's and CPG's businesses; increased competition in deregulated energy markets; the success of regulatory and commercial initiatives; dealings with third parties over whom NiSource and CPG have no control; actual operating experience of NiSource's and CPG's assets; the regulatory process; regulatory and legislative changes; changes in general economic, capital and commodity market conditions; and counter-party credit risk, and the matters set forth in the "Risk Factors" sections in NiSource's 2014 Form 10-K and subsequent NiSource filings of Form 10-Q and in CPG's Form 10, many of which are beyond the control of NiSource and CPG. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this news release. NiSource expressly disclaims any duty to update any of the forward-looking statements contained in this release.

The potential distribution of CPG shares is subject to the satisfaction of a number of conditions, including the final approval of NiSource's Board of Directors. There is no assurance that such distribution will in fact occur.

NISOURCE INC/DE

FORM 8-K (Current report filing)

Filed 05/14/15 for the Period Ending 05/14/15

Address	801 EAST 86TH AVE MERRILLVILLE, IN 46410-6272
Telephone	2196475200
CIK	0001111711
Symbol	NI
Fiscal Year	12/31

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

**CURRENT REPORT
Pursuant To Section 13 OR 15(d)
of The Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): May 14, 2015

NiSource Inc.

(Exact Name of Registrant as Specified in Charter)

Delaware
(State or other jurisdiction
of incorporation)

001-16189
(Commission
file number)

35-2108964
(IRS Employer
Identification No.)

801 East 86th Avenue
Merrillville, Indiana
(Address of Principal Executive Offices)

46410
(Zip Code)

Registrant's telephone number, including area code: (877) 647-5990

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2 (b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4 (c))
-
-

Item 7.01 Regulation FD Disclosure.

NiSource, Inc. (“*NiSource*”) and Columbia Pipeline Group, Inc. (“*CPG*”) are hosting separate webcasts today, May 14, 2015, to further highlight their respective growth strategies and business plans following the separation of CPG from NiSource. NiSource’s post-separation executive team will present from 9:00 a.m. – 10:30 a.m. ET and CPG’s post-separation executive team will present from 10:30 a.m. – 12:00 p.m. ET. A copy of both webcasts will be available via live webcast and archived for future viewing through a link on NiSource’s website, www.nisource.com. NiSource’s and CPG’s related slide presentations are furnished as Exhibits 99.1 and 99.2, respectively, to this report, and are incorporated herein by reference. NiSource’s press release announcing the webcasts is furnished as Exhibit 99.3 to this report and is incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.

(d) *Exhibits*

<u>Exhibit Number</u>	<u>Description</u>
99.1	Slide Presentation NiSource Inc. dated May 14, 2015
99.2	Slide Presentation of Columbia Pipeline Group, Inc. dated May 14, 2015
99.3	Press Release issued on May 14, 2015

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 hereunto duly authorized.

May 14, 2015

NISOURCE INC.

By: /s/ Robert E. Smith
Robert E. Smith
Vice President and Corporate Secretary

EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description</u>
99.1	Slide Presentation NiSource Inc. dated May 14, 2015
99.2	Slide Presentation of Columbia Pipeline Group, Inc. dated May 14, 2015
99.3	Press Release issued on May 14, 2015

NiSource - Industry Leading Natural Gas and Electric Utility Company

Investor Presentation
May 14, 2015



Forward Looking Statements

This presentation contains forward-looking statements within the meaning of federal securities laws. These forward-looking statements are subject to various risks and uncertainties. Examples of forward-looking statements in this presentation include statements and expectations regarding future dividends, operating earnings growth, earnings per share growth, capital investments, financing needs and plans, and investment opportunities. Factors that could cause actual results to differ materially from the projections, forecasts, guidance, estimates and expectations discussed in this presentation include, among other things, the timing to consummate the transactions as described herein; the risk that a condition to consummation is not satisfied; disruption to operations as a result of the proposed transactions; the inability of one or more of the businesses to operate independently following the completion of the proposed transactions; weather; fluctuations in supply and demand for energy commodities; growth opportunities for NiSource's businesses; increased competition in deregulated energy markets; the success of regulatory and commercial initiatives; dealings with third parties over whom NiSource has no control; actual operating experience of NiSource's assets; the regulatory process; regulatory and legislative changes; changes in general economic, capital and commodity market conditions; and counter-party credit risk, and the matters set forth in the "Risk Factors" section of the Columbia Pipeline Partners LP ("CPPL") 2014 Form 10K and the matters set forth in the "Risk Factors" section in NiSource's 2014 Form 10-K, and the risk factors in the Columbia Pipeline Group ("CPG") Form 10, many of which are beyond the control of NiSource. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this presentation. NiSource expressly disclaims any duty to update any of the forward-looking statements contained in this presentation.

With regard to the potential distribution of CPG shares – it should be noted that distribution is subject to the satisfaction of a number of conditions, including the final approval of NiSource's Board of Directors. There is no assurance that such distribution will in fact occur.

Regulation G Disclosure Statement

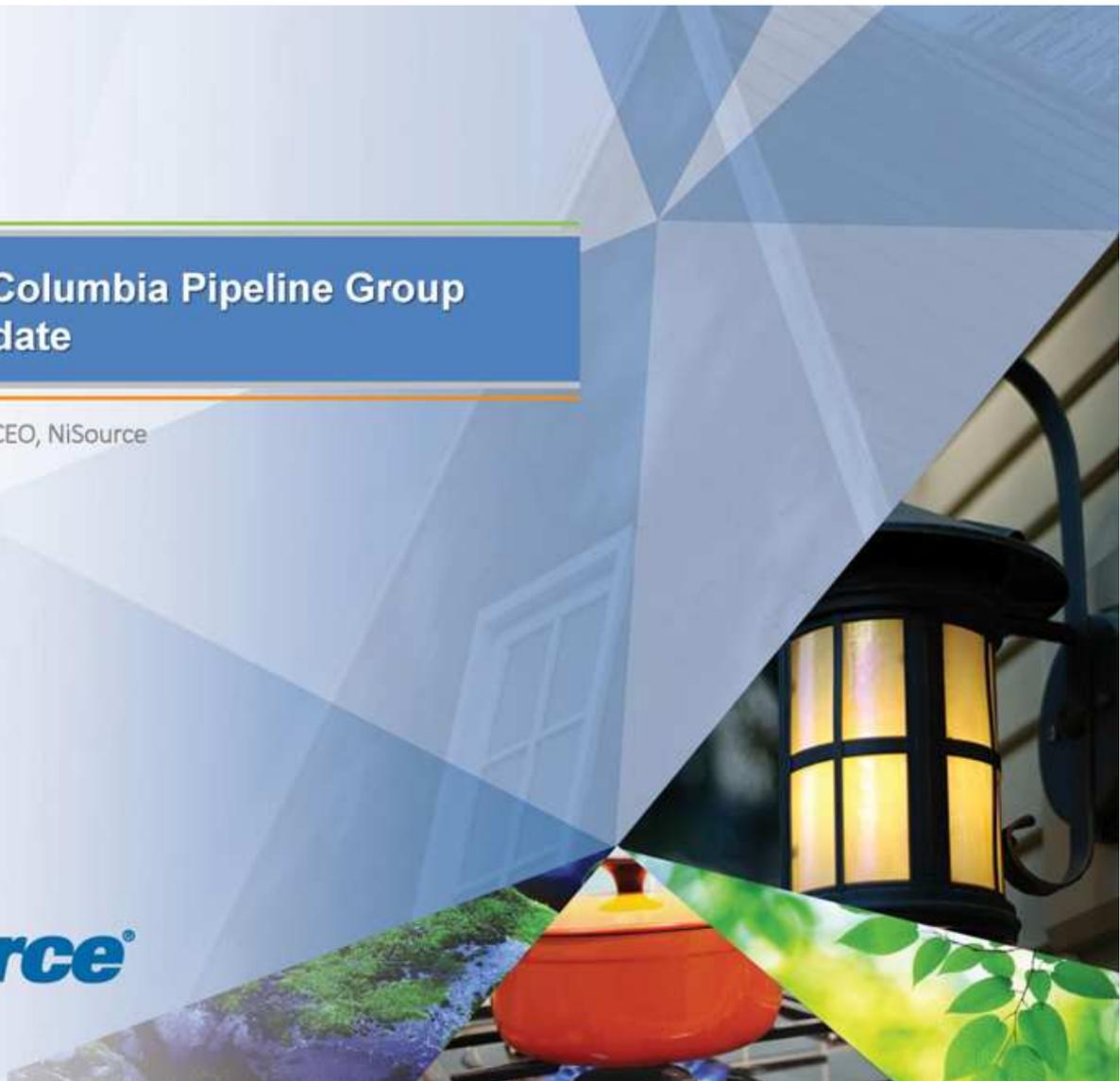
Today's presentation includes guidance with respect to net operating earnings from continuing operations, which is a non-GAAP financial measure as defined by the SEC's Regulation G. It should be noted that there will likely be differences between such net operating earnings and GAAP earnings due to various factors, including, but not limited to, weather, restructuring costs and accounting changes. NiSource is not able to estimate the impact of such factors on GAAP earnings and, as such, is not providing earnings guidance on a GAAP basis.

NiSource and Columbia Pipeline Group Separation Update

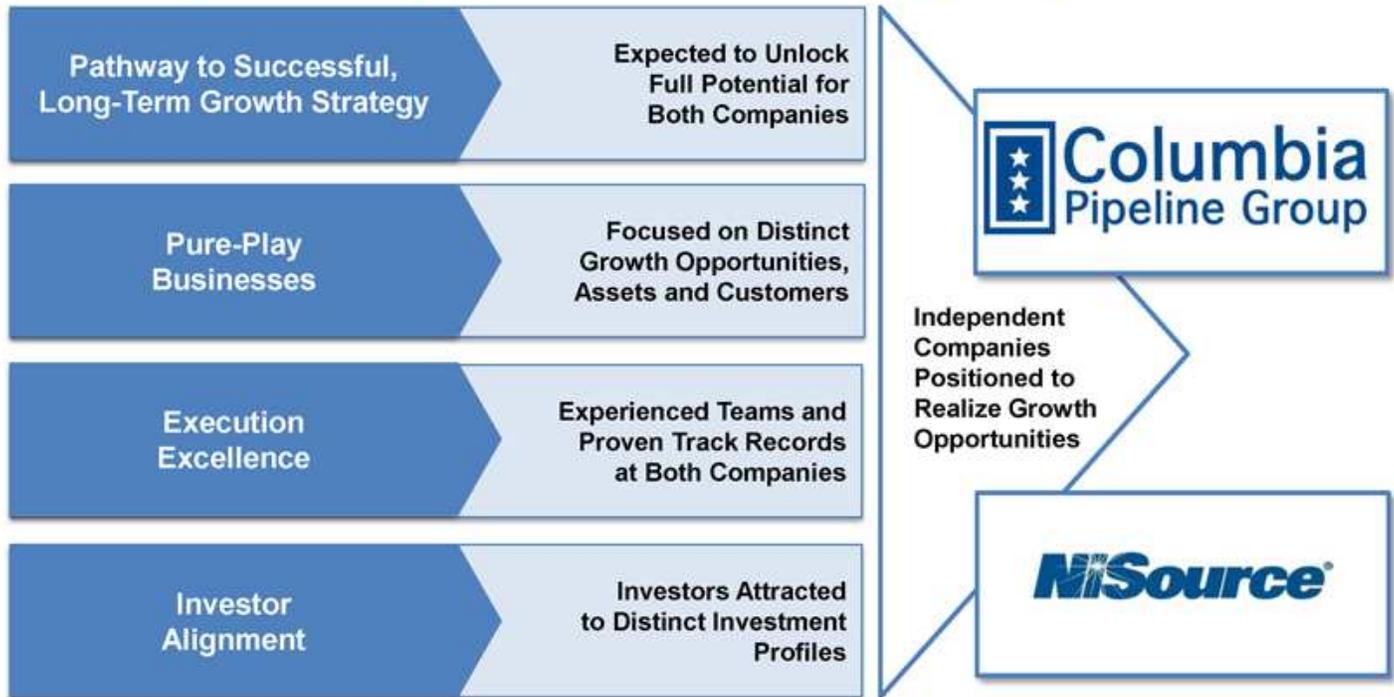
Bob Skaggs, President & CEO, NiSource

Investor Update
May 14, 2015

NiSource[®]



Creating Two Independent, Premier Energy Companies



Creating Long-Term Value for Shareholders

Separation Timeline - Creating Two Independent, Premier Companies

- MLP IPO Complete
- Credit Agency Review Complete
- Recapitalization On Schedule
- SEC Form 10 On Track
- Separation on Track for July 1, 2015
 - Expected Record Date for “Separation Dividend” of Columbia Pipeline Group June 19, 2015 (NYSE:NI and NYSE:CPGX)

NiSource - 100% Regulated Natural Gas & Electric Utility Company

Creating Two Independent, Premier Energy Companies

Combined Dividends Reflect ~8% Increase



Confidence in Outlook for Both Companies

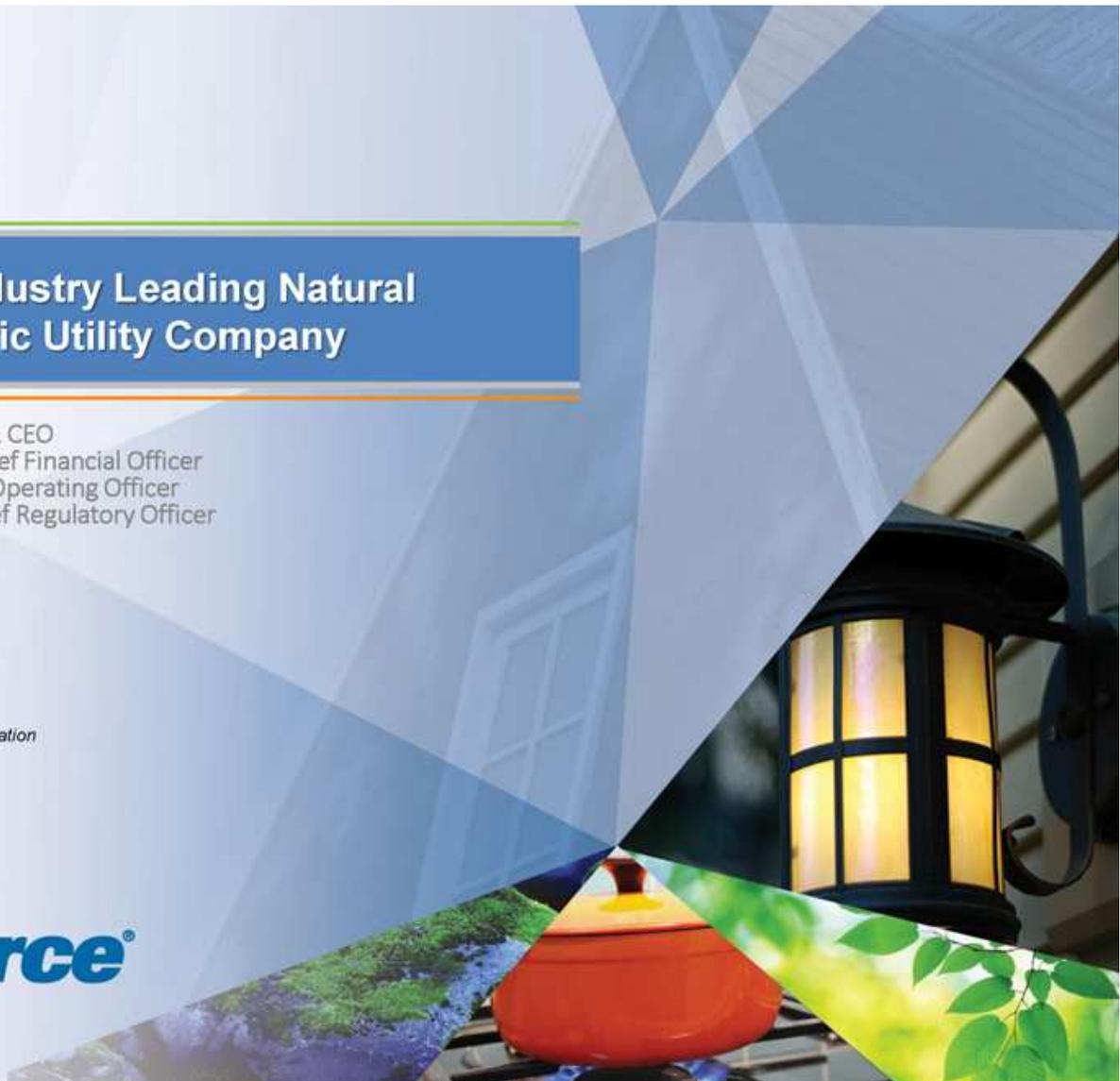
NiSource* - Industry Leading Natural Gas and Electric Utility Company

Joe Hamrock, President & CEO
Donald Brown, EVP & Chief Financial Officer
Jim Stanley, EVP & Chief Operating Officer
Carl Levander, EVP & Chief Regulatory Officer

Investor Update
May 14, 2015

** Represents NiSource after separation*

NiSource[®]



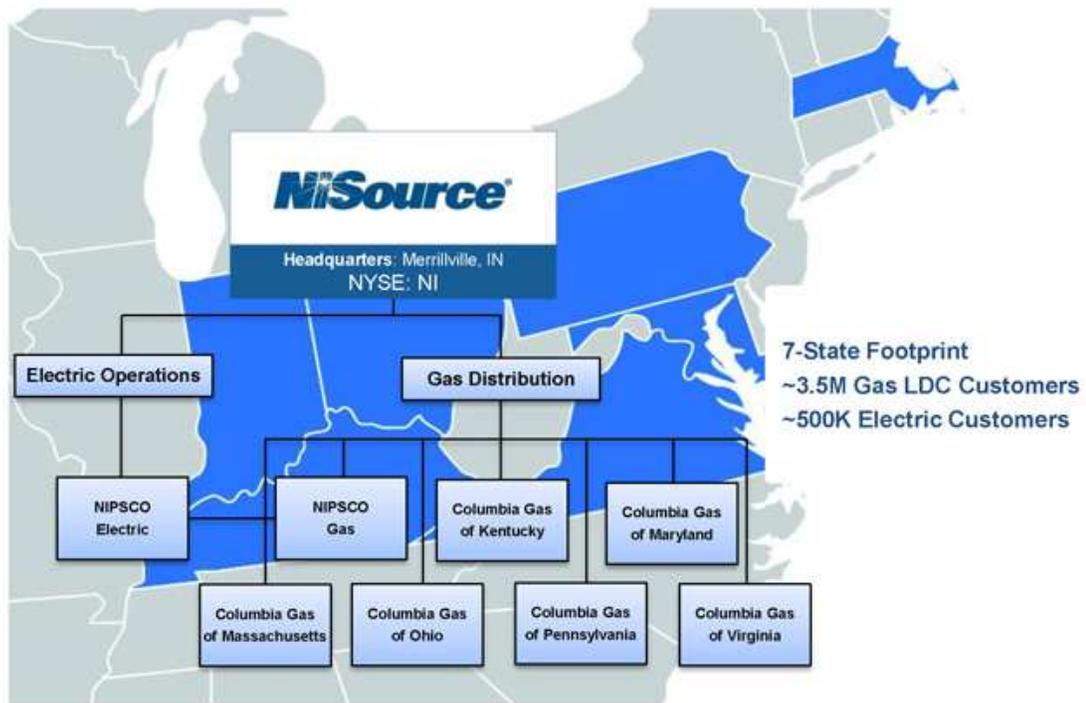
NiSource Strategic Framework – Creating Value

Aspiration	Premier Regulated Utility Company
Value Proposition	Best-in-Class Risk-Adjusted Total Return Proposition <ul style="list-style-type: none">• ~\$30B of 100% Regulated Utility Infrastructure Investment Opportunities• Scale Across 7 States• Transparent Earnings Drivers• Constructive Regulatory Relationships and Mechanisms
Strategic Approach	Balanced Priorities <ul style="list-style-type: none">▪ Enhance Value to Our Customers and Communities▪ Build, Maintain and Operate a Safe, Reliable and Efficient System▪ Aligned, Engaged Employees, Business Partners and Operations▪ Financial Discipline for Our Investors

Highly Visible 4-6% EPS* and Dividend Growth Projected

* Net Operating Earnings from Continuing Operations (Non-GAAP)

Premier Utility Businesses Operating on a Large Scale, Diverse Footprint



Delivering on Commitments to Customers, Employees, Communities & Investors

NiSource Leadership*



Proven Board of Directors and Leadership Team

* Represents NiSource after separation

NiSource Key Investment Considerations

- Focused Business Strategy
 - Transparent Earnings Drivers and Attractive Risk-Adjusted Returns
- ~\$30B of Expected Infrastructure Enhancements Over 20+ Years
 - Meet Safety and Reliability Needs
 - Enhance Customer Service and Experience
 - Comply with Environmental Requirements
- Significant Scale with ~4.0M Customers Across 7 States
- Investment Grade Credit Ratings
- Expected EPS* and Dividend Growth of 4-6% Annually

Compelling Pure-Play Utility Investment Proposition

* Net Operating Earnings from Continuing Operations (Non-GAAP)

NiSource Key Investment Considerations

Transparent, Sustainable Growth Drives Premium Equity Value

- 2016 Guidance
 - EPS* \$1.00 - \$1.10
 - CapEx ~\$1.4B
- Expected Initial Annual Dividend of \$0.62 per Share
(Increase at Separation Consistent with 4-6% Growth)
- Targeted Dividend Payout Ratio of 60-70%

Compelling Pure-Play Utility Investment Proposition

* Net Operating Earnings from Continuing Operations (Non-GAAP)

Business Profile: Pure-Play Utility with 7-State Footprint

Gas Distribution Utilities

- Total Rate Base* of ~\$5B
- Constructive Regulatory Environments
- Significant System Modernization Investment Programs
- Enhanced Customer Service, Programs and Growth Initiatives



Operating Earnings

Fully Integrated Electric Utility

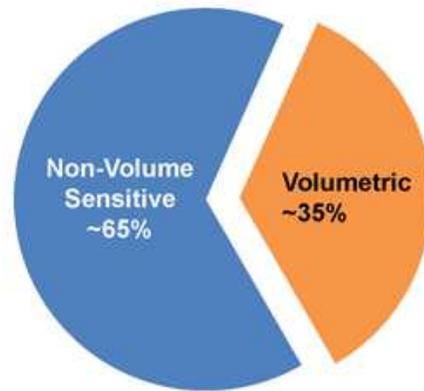
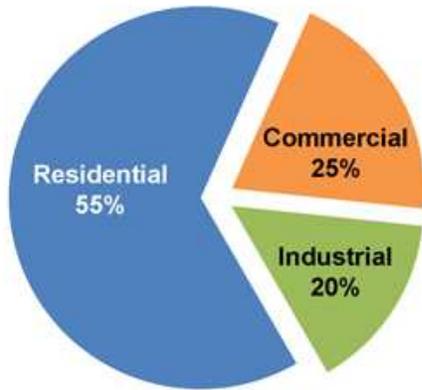
- Total Rate Base* of ~\$3.0B
- Constructive Regulatory Environment
- Significant System Environmental, Enhancement and Modernization Investment Programs
- Enhanced Customer Service, Programs and Growth Initiatives

Collaborative, Constructive Stakeholder Relationships

* Rate Base as of 12/31/2014

Revenue Profile: Stable, 100% Regulated Revenue Stream

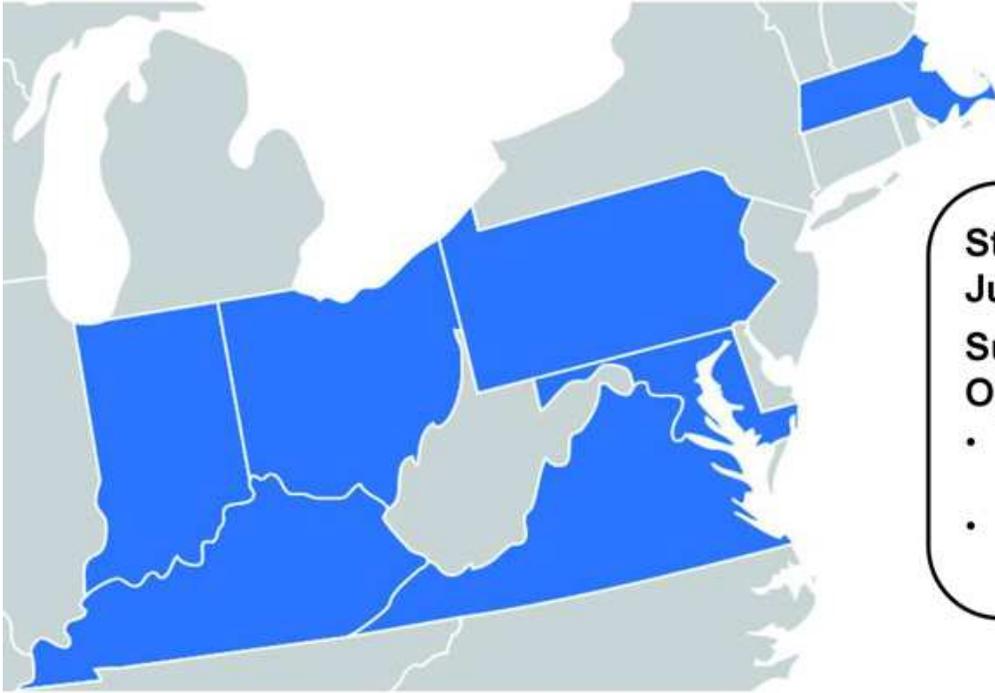
Net Revenue*



Consistently Earning Allowed Returns on Investments

* Based on 2014 Financial Results

A Well-Established Platform of Operations Execution Across 7-States



State-by-State Jurisdictional Focus

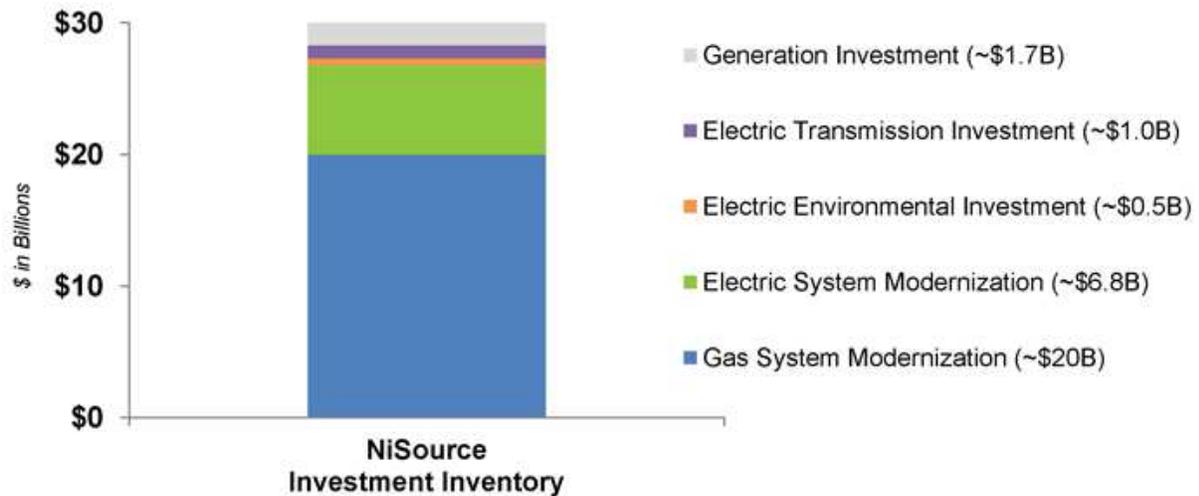
Support by Central Operations Platform

- Leverages experienced leadership
- Drives efficiencies across operations

Delivering for Stakeholders through Platform Efficiency and Operational Focus

Significant, Long-Term Infrastructure Investments

~\$30B Expected Enhancements Provide Over 20+ Years of Visible Growth



Robust Long-Term Investment Opportunities at Each Company

Indiana Electric (NIPSCO)



Business Profile

- Third largest electric utility in Indiana (~500K customers)
- Fully integrated electric utility
- 3,300 MW of environmentally compliant generation
- ~ \$3.0B rate base

Customer Focus

- Fewest customer complaints in Indiana
- Top quartile reliability performance
- Continued rise in J.D. Power customer satisfaction survey

Regulatory Environment and Growth Strategy

- 7-Year, ~ \$1.1B T&D infrastructure modernization program with semi-annual tracker filings
- Two electric transmission projects underway (~\$500M capital investment)
- All plants fully scrubbed by end of 2015 (~\$800M capital investment)
- Potential for additional environmental, modernization, and transmission opportunities to be identified over the next 20+ years

Anticipated Growth Investment Summary	
Total Investment Opportunities	~\$10.0B
Annual Investment Range	\$175-\$500M
Program Length	20+ Years
Regulatory Treatment	Modernization and Environmental Projects Tracked

Rate Design

- 100% fuel costs pass-through
- ~ 55% net revenue requirement collected through fixed charges, tracker, or demand ratchet

Customer Mix (Net Revenue)



- Steel related customers represent ~15% of net revenues
- Industrial rates 75% demand charge weighted

Constructive Legislation

- Senate Bill 560 – Use of forward test year, timely rate cases, infrastructure investment tracking, rural expansion for natural gas; Rate case required within 7 years of original TDSIC filing
- Senate Bill 251 – Cost recovery of federally mandated requirements



Indiana Electric (NIPSCO) – Transmission Projects



Under the MISO comprehensive transmission expansion plan, NIPSCO is constructing two large Multi Value Projects (MVPs) to meet the reliability needs of the electric system and its customers:

Project 1: Reynolds to Topeka

- 100 Mile, 345 kV transmission line (Reynolds/Burr Oak/Hiple)
- Approved by MISO Board of Directors on December 8, 2011
- FERC approved forward looking rates including CWIP and any potential abandonment costs
- CapEx \$293M
- In Service late 2018

Project 2: Greentown to Reynolds

- 66 Mile, 765 kV transmission line (Reynolds/Greentown)
- 50/50 Partnership with Pioneer
- Approved by MISO Board of Directors on December 8, 2011
- FERC approved forward looking rates including CWIP and any potential abandonment costs
- CapEx \$330M (NIPSCO = \$165M)
- In Service late 2018

Columbia Gas of Ohio



Business Profile

- Largest LDC in Ohio (~1.4M customers)
- ~ 20,000 miles of pipe
- ~ 3,000 miles of bare steel & cast iron
- ~ \$1.7B rate base

Customer Focus

- Nationally recognized energy efficiency programs
- Positive trending customer satisfaction

Rate Design

- Straight fixed variable rate design (fully fixed residential distribution rate)
- Bad debt tracked with full recovery
- Several other O&M trackers

Economic Outlook / Customer Growth

- Stable economic environment with modest customer growth
- Energy is central to state economy

Constructive Legislation

- House Bill 95 – Utility modernization capital programs
- House Bill 319 – Infrastructure cost recovery for economic development projects
- Senate Bill 378 – Underground protection and enforcement

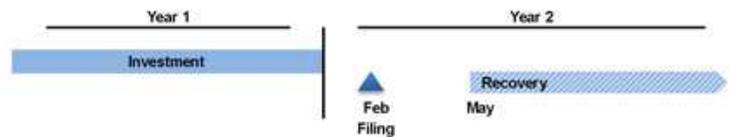
Regulatory Environment and Growth Strategy

- Fully tracked annual Infrastructure Replacement Program (IRP)
- Ability to defer costs associated with non-tracked investments
- Public policy provides tools supporting investment for economic development and deferral of pipeline safety costs

Anticipated Modernization Investment Summary

Total Investment Opportunities	~\$4.1B
Annual Investment Range	\$177-\$195M
Program Length	20-25 Years
Regulatory Treatment	Tracked (IRP)
Weighted Avg Regulatory Lag	< 12 Months

Annual IRP Timeline



Indiana Gas (NIPSCO)



Business Profile

- Largest LDC in Indiana (~800K customers)
- ~ 17,000 miles of pipe
- ~ 35 miles of bare steel
- Regulatory construct encourages gas system expansion into rural areas
- ~ \$800M fair value rate base

Customer Focus

- Lowest-cost gas provider in Indiana
- Fewest customer complaints in Indiana
- Continued rise in J.D. Power customer satisfaction survey

Rate Design

- ~60% of residential distribution rate fixed
- Low income program fully tracked

Economic Outlook / Customer Growth

- Stable economic environment
- Customer growth potential through rural extension opportunities

Constructive Legislation

- Senate Bill 560 – Use of forward test year, timely rate cases, infrastructure investment tracking, rural expansion for natural gas; rate case required within 7 years of original TDSIC filing
- Senate Bill 251 – cost recovery of federally mandated requirements

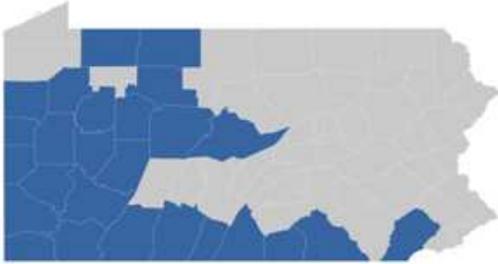
Regulatory Environment and Growth Strategy

- 7-Year, ~ \$830M Infrastructure Modernization Program with semi-annual tracker filings
- Additional modernization opportunities identified over next 20+ years

Anticipated Growth Investment Summary	
Total Investment Opportunities	~\$4.5B
Annual Investment Range	\$80-\$120M
Program Length	20-25 Years
Regulatory Treatment	Tracked
Weighted Avg Regulatory Lag	< 12 Months



Columbia Gas of Pennsylvania



Business Profile

- ~420K customers in Pa.
- ~ 7,400 miles of pipe
- ~ 1,700 miles of bare steel & cast iron (rate of replacement nearly double state avg.)
- ~ \$1.1B rate base

Customer Focus

- Ranked highest in customer satisfaction among midsize gas utilities in eastern U.S., according to J.D. Power 2014 residential customer satisfaction study
- State leader in universal services, low income initiatives, choice and energy efficiency programs

Rate Design

- ~ 75% revenue generated by residential customers with 50% fixed distribution rate (assuming average customer usage)
- Weather normalization adjustment for residential customers stabilizes revenue

Economic Outlook / Customer Growth

- Stable economic environment
- Tariff program allows for modest customer growth
- New business tariff proposals pending

Constructive Legislation

- Act 11 – Allows a gas utility to file a Distribution Service Improvement Charge (DSIC) and rate case with fully forecasted rate year

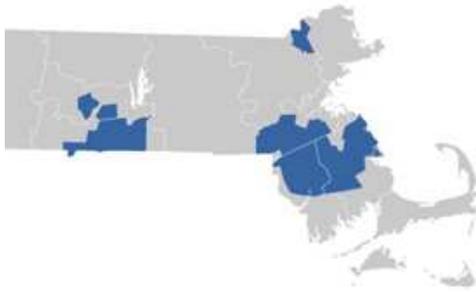
Regulatory Environment and Growth Strategy

- Recovery of infrastructure and other costs through frequent base rate filings utilizing a forward test year
- Base rate cases supplemented by DSIC filings
- Tariff supports system expansion by allowing customers payment options for main extension

Anticipated Modernization Investment Summary	
Total Investment Opportunities	~\$3.0B
Annual Investment Range	\$143-\$168M
Program Length	15-20 Years
Regulatory Treatment	Rate Case / Tracker
Weighted Avg Regulatory Lag	None



Columbia Gas of Massachusetts



Business Profile

- Largest gas-only LDC in Mass. (~300K customers)
- ~ 5,000 miles of pipe
- ~ 1,000 miles of bare steel & cast iron
- ~ \$600M rate base

Customer Focus

- Strong customer interest in conversion from oil to natural gas
- Broad based energy efficiency program provides full range of customer programs

Rate Design

- Revenue decoupling adjustment provides residential distribution revenue recovery
- Full cost recovery mechanisms for O&M associated with energy efficiency and low income programs, bad debt, and pension costs

Economic Outlook / Customer Growth

- Stable economic environment
- Customer growth potential through conversion opportunities

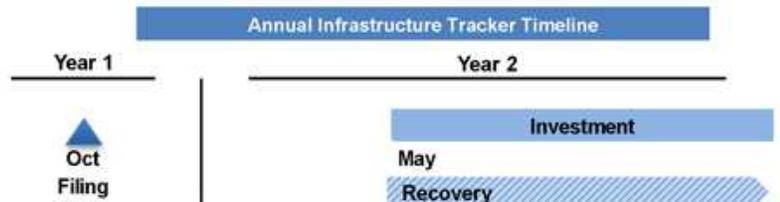
Regulatory Environment and Growth Strategy

- Modernization/safety investments recovered through annual (forward-looking) infrastructure tracker filings
- Tracker filings supplemented by periodic rate cases
- Customer growth opportunities through natural gas conversions

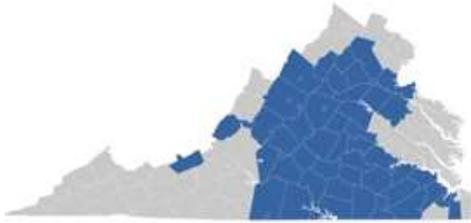
Constructive Legislation

- House Bill 4164
 - Recovery of pipeline infrastructure investments based on forward looking tracker
 - Allows LDCs to implement various programs to facilitate customer conversion to natural gas

Anticipated Modernization Investment Summary	
Total Investment Opportunities	~\$1.4B
Annual Investment Range	\$44-\$70M
Program Length	15-20 Years
Regulatory Treatment	Tracked
Weighted Avg Regulatory Lag	None



Columbia Gas of Virginia



Business Profile

- ~250K customers in Virginia
- ~ 5,000 miles of pipe
- ~ 200 miles of bare steel
- ~ \$530M rate base

Customer Focus

- Broad residential, commercial and industrial portfolio
- Industry leading third party damage rate

Rate Design

- Revenue normalization adjustments provides full residential distribution revenue recovery
- Energy conservation tracker

Economic Outlook / Customer Growth

- Stable economic environment
- Customer growth opportunities through system expansion
- Initiatives in place to promote customer conversions and growth

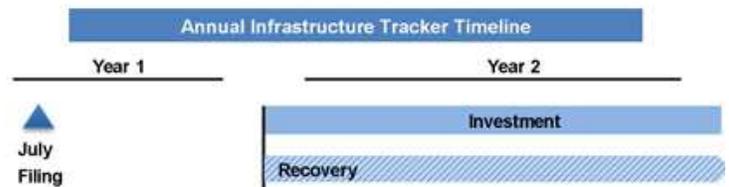
Regulatory Environment and Growth Strategy

- Forward looking annual modernization/safety infrastructure investment tracker filings
- Tracker filings supplemented by rate case filings with forward test year
- Annual infrastructure cost recovery filings
- System expansion opportunities through NEED and MAIN legislation

Constructive Legislation

- DIMP Act – Allows deferral of incremental O&M costs related to pipeline safety programs
- SAVE Act – Allows recovery of investment on infrastructure replacement
- NEED Act – Allows deferral of infrastructure expansion costs
- MAIN Act – Provides for recovery of infrastructure expansion program costs

Anticipated Modernization Investment Summary	
Total Investment Opportunities	~\$550M
Annual Investment Range	\$20-\$30M
Program Length	N/A
Regulatory Treatment	Tracked
Weighted Avg Regulatory Lag	None



Columbia Gas of Kentucky



Business Profile

- ~135K customers in Ky.
- ~ 2,600 miles of pipe
- ~ 430 miles of bare steel & cast iron
- ~ \$235M rate base

Customer Focus

- Top tier customer satisfaction levels
- Sustained industry leading employee safety performance

Rate Design

- ~ 65% of revenue generated by residential customers with a 60% fixed distribution rate
- Weather normalization adjustment for residential and commercial customer stabilizes revenue
- Energy conservation tracker

Economic Outlook / Customer Growth

- Stable economic environment with improving customer growth rates

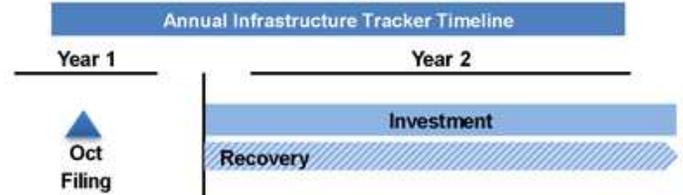
Constructive Legislation

- House Bill 100 – allows government financing for energy efficiency improvements
- State law also provides for tracked recovery of pipeline replacements and permits use of forward test year in rate cases

Regulatory Environment and Growth Strategy

- Annual modernization/safety infrastructure investment tracker filings
- Tracker filings supplemented by rate case filings with forward test year

Anticipated Modernization Investment Summary	
Total Investment Opportunities	~\$750m
Annual Investment Range	\$12-\$14M
Program Length	25-30 Years
Regulatory Treatment	Tracked
Weighted Avg Regulatory Lag	None



Columbia Gas of Maryland



Business Profile

- ~33K customers in Md.
- ~ 750 miles of pipe
- ~ 95 miles of bare steel & cast iron
- ~ \$60M rate base

Customer Focus

- Sustained industry leading employee and system safety performance

Rate Design

- Revenue normalization adjustment provides full residential distribution revenue recovery
- Energy efficiency tracker

Economic Outlook / Customer Growth

- Stable economic environment with modest customer growth

Regulatory Environment and Growth Strategy

- Forward looking annual Infrastructure Replacement and Improvement Surcharge (IRIS) recovers age and condition investment
- IRIS filings supplemented by periodic rate cases
- Opportunity to update other costs between rate cases

Constructive Legislation

- STRIDE -- prospective cost recovery for age and condition investment

Anticipated Modernization Investment Summary	
Total Investment Opportunities	~\$200M
Annual Investment Range	\$6-\$14M
Program Length	15-20 Years
Regulatory Treatment	Tracked
Weighted Avg Regulatory Lag	None



NiSource Utility Company Summary

Highly Visible ~\$30B / 20+ Year Infrastructure Investment Opportunity

- Industry-leading regulated natural gas and electric utilities company platform
- Track record of collaborative execution and safe, reliable service
- Complementary rate structures and tracker mechanisms; ~75% of CapEx expected to be revenue-producing
- Disciplined capital management; solid, investment-grade credit rating



Driving Predictable Long-Term Earnings and Dividend Growth

* Net Operating Earnings from Continuing Operations (Non-GAAP)

Financial Profile

Donald Brown, EVP & Chief Financial Officer

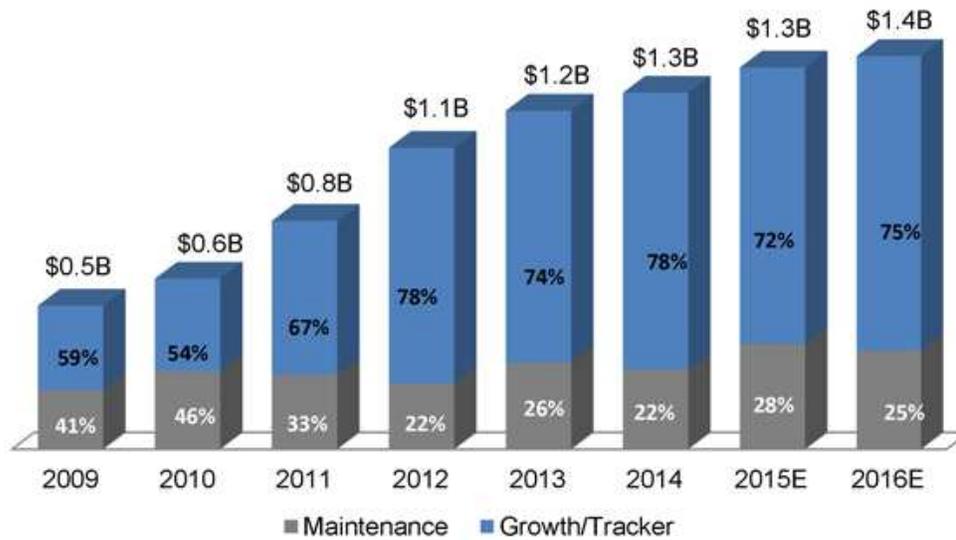
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© 2014 MiSource, Inc. (33MFT) | September 10, 2014



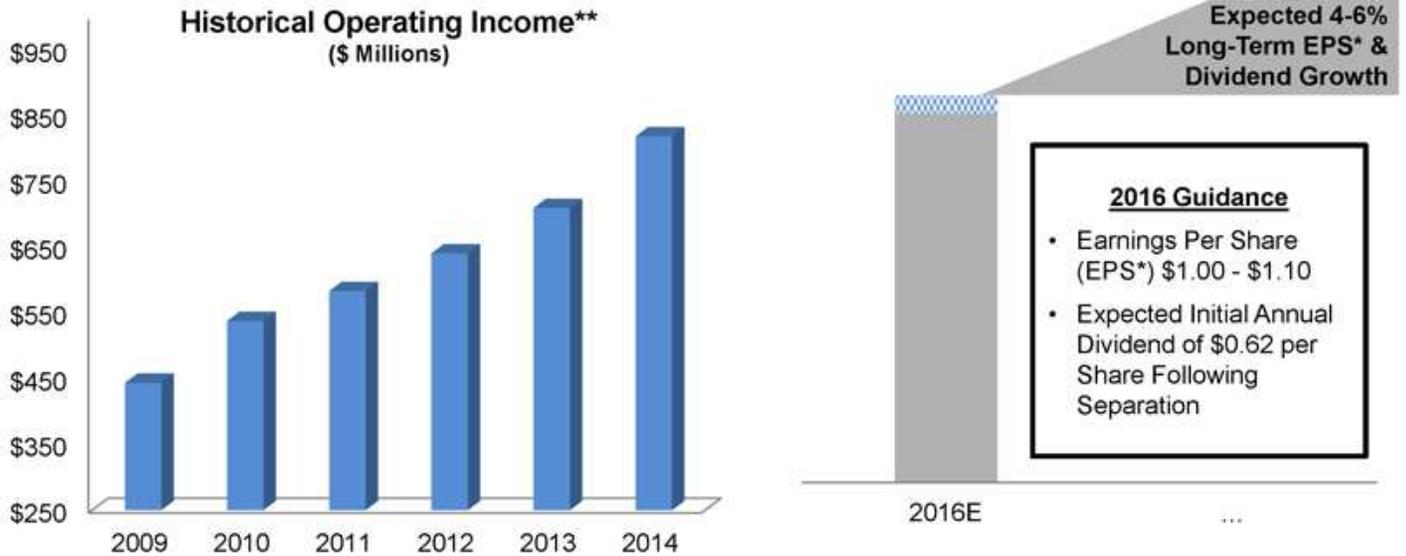
NiSource Utilities Capital Expenditures

Annual Investments Driven by ~\$30B / 20+ Year Opportunities



Expected Annual Capital Investments Grow Rate Base by 6-8% per Year

NiSource Utilities Consistent Earnings Growth



Solid Track Record of Operating Earnings Growth

* Net Operating Earnings from Continuing Operations (Non-GAAP)

** Historical NiSource Gas Distribution and Electric Operations Reported Operating Income

NiSource Debt and Credit Profile*

Recapitalization Reduces NiSource Net Debt

NiSource Long-Term Debt Profile at Separation

- Weighted Average Maturity of ~14 years
- Weighted Average Rate of ~5.8%

Solid Liquidity

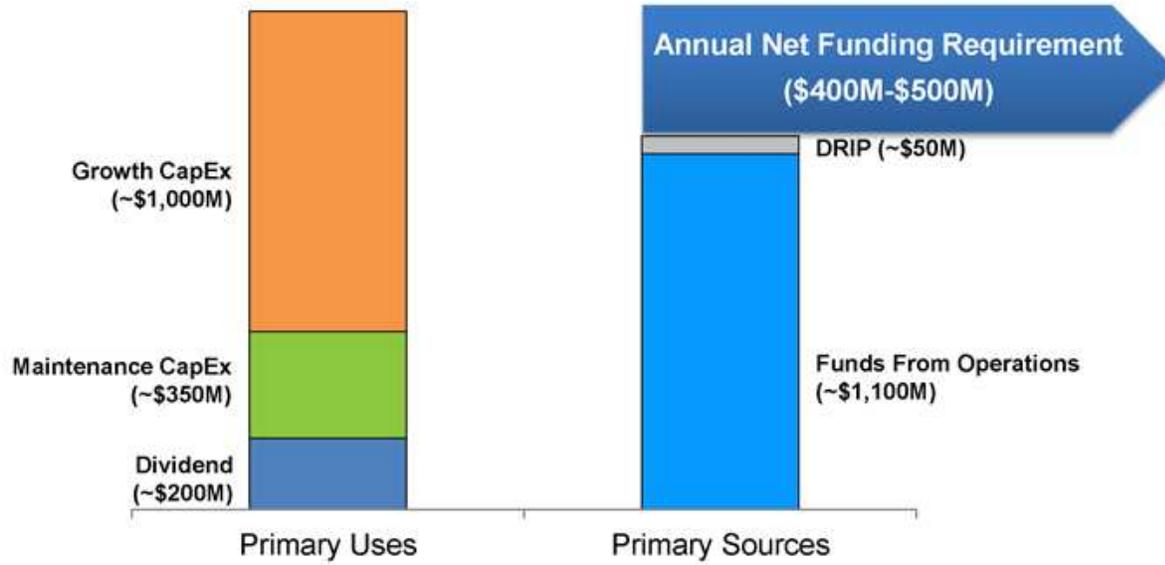
- \$1.5B / 5-Year Committed Credit Facility in Place at Separation
- Minimal Balance at Separation

Stable Investment Grade Credit Ratings Expected at All Three Agencies

Committed to Stable Investment Grade Credit

* Projected as of July 1, 2015

NiSource Primary Sources & Uses of Cash (Illustrative)



Expected Long-Term 4-6% EPS* Growth Inclusive of Funding Needs

* Net Operating Earnings from Continuing Operations (Non-GAAP)

NiSource Key Investment Considerations

Compelling Pure-Play Utility Investment Proposition

- Focused Business Strategy
- ~\$30B of Expected Infrastructure Enhancements Over 20+ years
- Significant Scale with ~4.0M Customers Across 7 States
- Investment Grade Credit Ratings
- Expected Earnings and Dividend Growth of 4-6% Annually
- 2016 Guidance
 - EPS* \$1.00 - \$1.10
 - CapEx ~\$1.4B
- Expected Initial Annual Dividend of \$0.62 per Share
- Targeted Dividend Payout Ratio of 60-70%

Transparent, Sustainable Growth Drives Premium Equity Value

* Net Operating Earnings from Continuing Operations (Non-GAAP)

Appendix

MISource[®]

NiSource Leadership Team*



Joe Hamrock

President & Chief Executive Officer

- Previously, Hamrock was Executive Vice President & Group CEO for NiSource's Gas Distribution segment
- Hamrock joined NiSource in May 2012 after serving in a variety of senior executive positions with American Electric Power



Donald Brown

Executive Vice President & Chief Financial Officer

- Brown joined NiSource in April 2015 after serving as Vice President and Chief Financial Officer at UGI Utilities, a division of UGI Corporation
- Brown has also served in a variety of financial leadership and consulting roles at Constellation Energy, Progress Energy and Deloitte



Jim Stanley

Executive Vice President & Chief Operating Officer

- Previously, Stanley was Executive Vice President & Group CEO for NiSource's Indiana gas and electric utility, NIPSCO
- Stanley joined NiSource in October 2012 after serving in a variety of senior executive positions in the utility industry, most recently as Senior Vice President and Chief Distribution Officer for Duke Energy's U.S. electric business

NiSource Leadership Team



Carrie Hightman

Executive Vice President & Chief Legal Officer

- Prior to joining NiSource in 2007, Hightman served as President of AT&T Illinois
- Previously, Hightman was a partner at the Chicago law firm of Schiff Hardin, where she led its Energy, Telecommunications and Public Utilities practice group



Carl Levander

Executive Vice President & Chief Regulatory Officer

- Previously, Levander was President of Columbia Gas of Virginia, NiSource's natural gas distribution subsidiary based in Virginia
- Levander began his career with Columbia Gas as an attorney in 1986 and has served in a variety of rates and regulatory positions

NiSource Leadership Team*



Rob Campbell

Executive Vice President, Corporate Affairs & Human Resources

- Previously, Campbell was Senior Vice President of Human Resources
- Campbell also was employed at NiSource in executive roles from June 2001 through January 2004, before returning to the law firm of Schiff Hardin LLP



Violet Sistovaris

Executive Vice President, NIPSCO

- Previously, Sistovaris was Senior Vice President & Chief Information Officer
- Sistovaris has served in a variety of executive positions at NiSource since joining the company in 1994 from Centier Bank

* These represent announced future positions at NiSource

NiSource Leadership Team



Brent Archer

President, Columbia Gas of Virginia

- Previously, Archer served in a variety of leadership positions at the Columbia Gas companies, most recently as Director of Business Policy at Columbia Gas of Virginia
- Archer joined Columbia Gas in 1986



Steve Bryant

President, Columbia Gas of Massachusetts

- Previously, Bryant served as Vice President of External Affairs
- Bryant joined Columbia Gas in 2001 after serving in various marketing and regulatory positions at New England gas utilities



Dan Creekmur

President, Columbia Gas of Ohio

- Previously, Creekmur served as Vice President and General Manager of Columbia Gas of Ohio and Vice President of Regulatory Affairs
- Creekmur joined Columbia Gas of Ohio in 2007 as an attorney

NiSource Leadership Team



Mark Kempic

President, Columbia Gas of Pennsylvania/Maryland

- Previously, Kempic was Director of Rates and Regulatory Policy
- Kempic joined Columbia Gas in 1998 as an attorney. He previously worked for Columbia Gas in a variety of roles from 1979 through 1992



Herb Miller

President, Columbia Gas of Kentucky

- Miller joined Columbia Gas in 2006 after serving eight years as the Chief Legal Officer and Corporate Secretary of American Water Company for Kentucky, Tennessee and Georgia
- Previously, Miller was a partner in the law firm, Stoll, Keenon & Ogden, one of Kentucky's oldest and largest law firms



Kathleen O'Leary

President, NIPSCO

- Previously, O'Leary was Senior Vice President of Communications and Compliance at NIPSCO
- O'Leary has served in a variety of executive positions since joining the company as an attorney for Columbia Gulf Transmission in 1978

Creating A Premier Pipeline, Midstream and Storage Company

Bob Skaggs
CEO

Glen Kettering
President

Steve Smith
CFO

Pre-Separation Update

May 14, 2015



Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of federal securities laws. These forward-looking statements are subject to various risks and uncertainties. Examples of forward-looking statements in this presentation include statements and expectations regarding future dividends, development projects, the separation, operating earnings growth, EBITDA growth, earnings per share growth, capital investments, net investment/rate base growth, financing needs and plans, and investment opportunities. Factors that could cause actual results to differ materially from the projections, forecasts, estimates and expectations discussed in this presentation include, among other things, changes in general economic conditions; competitive conditions in our industry; actions taken by third-party operators, processors and transporters; the demand for natural gas storage and transportation services; our ability to successfully implement our business plan; our ability to complete internal growth projects on time and on budget; the price and availability of debt and equity financing; the availability and price of natural gas to the consumer compared to the price of alternative and competing fuels; competition from the same and alternative energy sources; restrictions in our existing and any future credit facilities; capital market performance and other factors that may decrease the value of benefits plan assets; energy efficiency and technology trends; operating hazards and other risks incidental to transporting, storing and gathering natural gas; natural disasters, weather-related delays, casualty losses and other matters beyond our control; interest rates; labor relations; large customer defaults; changes in the availability and cost of capital; changes to tax status; the effects of existing and future laws and governmental regulations; the effects of future litigation; the qualification of the distribution of all of our common stock as a tax-free distribution; our ability to achieve the benefits that we expect to achieve as an independent, publicly traded company.; our dependence on NiSource to provide us with certain services following the distribution of all of our common stock; and the matters described in the "Risk Factors" sections of the Form 10 filed by Columbia Pipeline Group Inc. ("CPG") and Form 10-K filed by Columbia Pipeline Partners LP ("CPPL"), many of which are beyond the control of CPG and CPPL. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this presentation. Future earnings and other financial projections are illustrative only and do not constitute guidance by CPG and CPPL. CPG expressly disclaims any duty to update any of the forward-looking statements contained in this presentation.

The previously announced separation of CPG from NiSource is subject to the satisfaction of a number of conditions, including the final approval of NiSource's Board of Directors. There is no assurance that such separation will occur.

Agenda

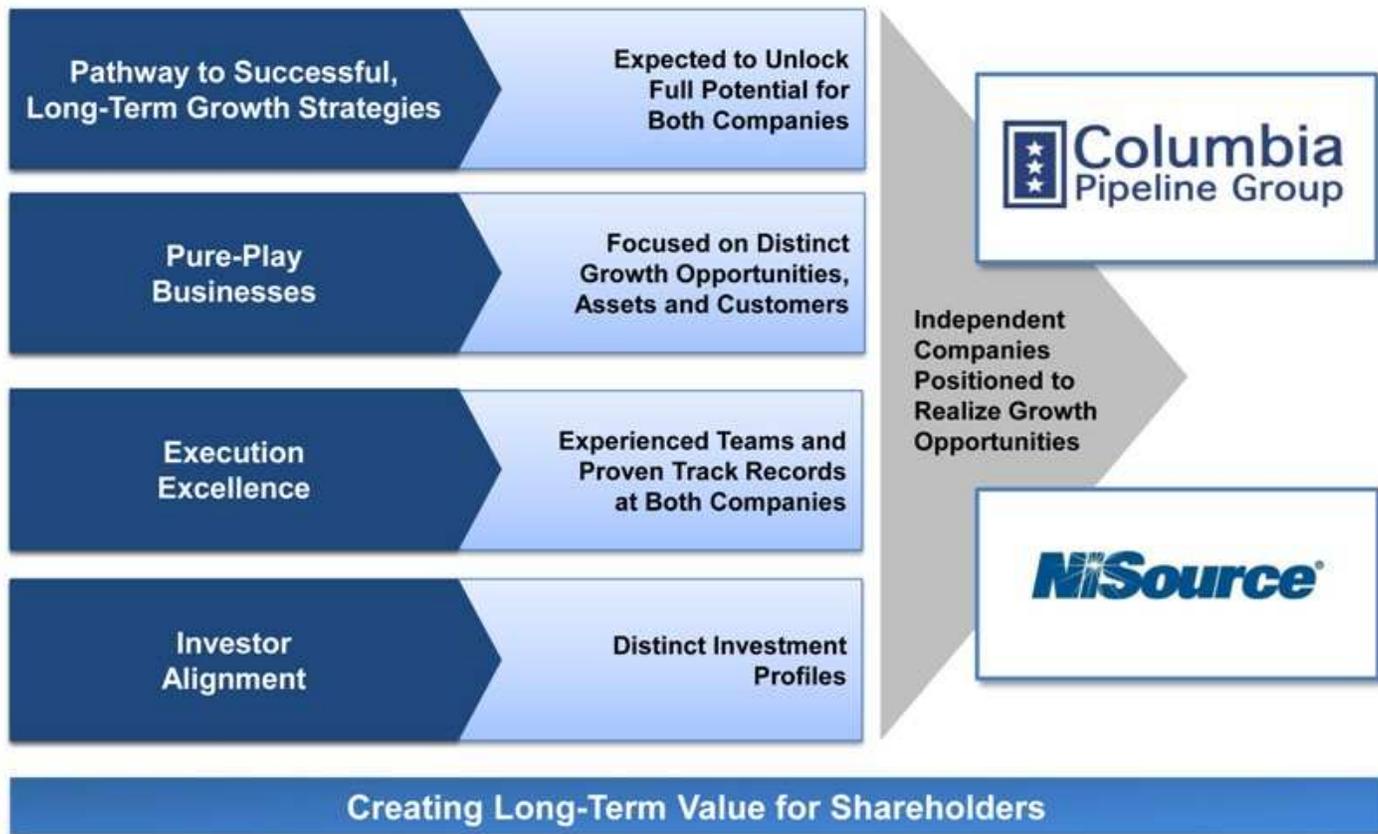
Columbia Pipeline Group



- | | |
|--|---------------------------|
| 1. Separation Update | Bob Skaggs, CEO |
| 2. Business Overview and Growth Strategy | Glen Kettering, President |
| 3. Financial Overview | Steve Smith, CFO |
| 4. Summary | Bob Skaggs, CEO |
| 5. Question and Answer | |

Creating A Premier Pipeline, Midstream and Storage Company

Creating Two Independent, Premier Energy Companies



Separation Timeline

On Track for Separation



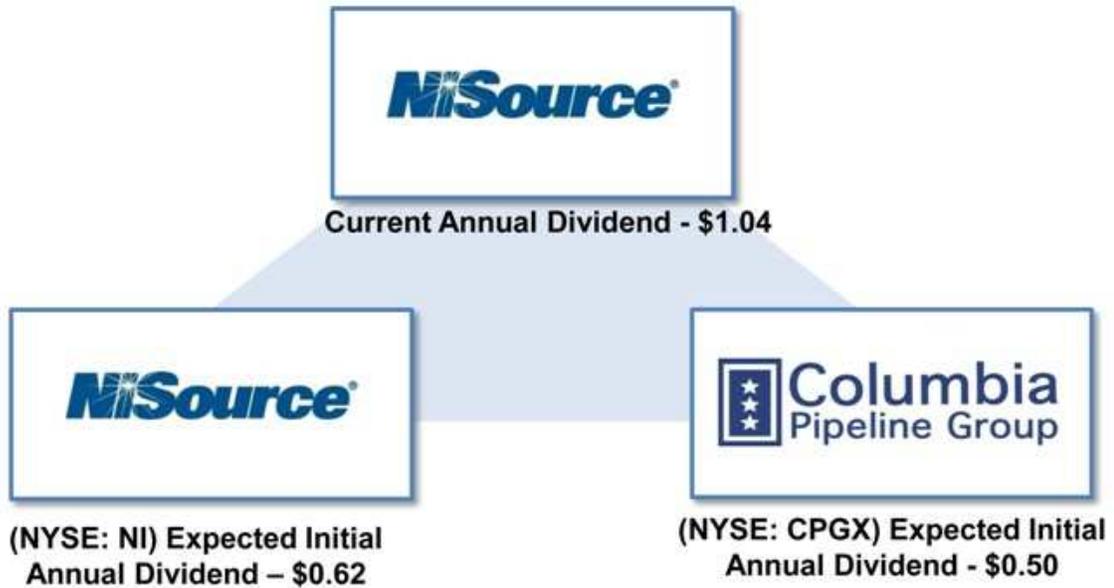
- ✓ MLP IPO Complete
- ✓ Credit Agency Review Complete
- Recapitalization Underway
- SEC Form 10 is In Process
- Separation on Track for July 1, 2015
 - Expected Record Date for "Separation Dividend" (NYSE: CPGX): June 19, 2015



Creating a Premier Pipeline, Midstream and Storage Company

Creating Two Independent, Premier Energy Companies

Combined Dividends Reflect ~8% Increase



Confidence in Outlook for Both Companies

CPG's Strategic Approach



- Deliver Safe, Reliable Service Every Day
- Grow the Business Organically Through Accretive Infrastructure Investments
 - System Modernization
 - Regulated Investments
 - Midstream Investments
- Deliver Superior Returns with Robust Long-Term Dividend Growth
- Maintain Financial Strength and Flexibility
 - Investment Grade Ratings
 - Efficient Equity Funding via CPPL
 - Cash Optionality
- Attract, Develop and Retain Key Talent

Straightforward and Tested

Experienced and Proven Leadership Team

CPG Senior Management



Delivering Results & Creating Shareholder Value



Columbia Pipeline Group

A Premier Pipeline, Midstream & Storage Company



- Stable, Predictable Cash Flows
 - ~95% Fee-Based Revenues
- Poised for Transformational Growth
 - Net Investment Expected to Triple by 2020
 - Best-in-Class Equity Vehicle: CPPL
 - ~20% Average Annual Distribution Growth Through 2020
- Financial Strength and Optionality
 - Investment Grade Credit Ratings
- Compelling Investment Proposition
 - CPG to Deliver ~20% Average Annual EBITDA Growth Through 2020
 - CPG to Deliver ~15% Average Annual Dividend Growth Through 2020
 - Dividend Coverage in Line With High-Growth GP Peers Over Time

Outstanding Investment - Positioned for Transformational Growth

Business Overview and Growth Strategy

Glen Kettering
President



Columbia Pipeline Group

Significant Scale, Unparalleled Strategic Footprint

- Columbia Gas Transmission (TCO)
- Columbia Gulf Transmission (Gulf)
- Millennium Pipeline
- Crossroads
- Shale Areas

- **Serving Attractive Northeast, Midwest, Mid-Atlantic and Gulf Coast Markets**
- **Strategically Positioned; Overlaying Prolific Marcellus and Utica Shale Regions**
- **Strong, Diversified Customer Base: LDCs, Gas-Fired Electric Generators, Producers and Marketers**
- **Anchored by Long-Term, Fee-Based Contracts**

Columbia Midstream Services

Growing Our Midstream Franchises

- Leveraging Strategic Location and Assets
- Developing Franchises in Marcellus and Emerging Utica Shale Areas
- Focusing on Gathering and Processing Opportunities
- Maintaining Fee-Based, Contracted Commercial Discipline

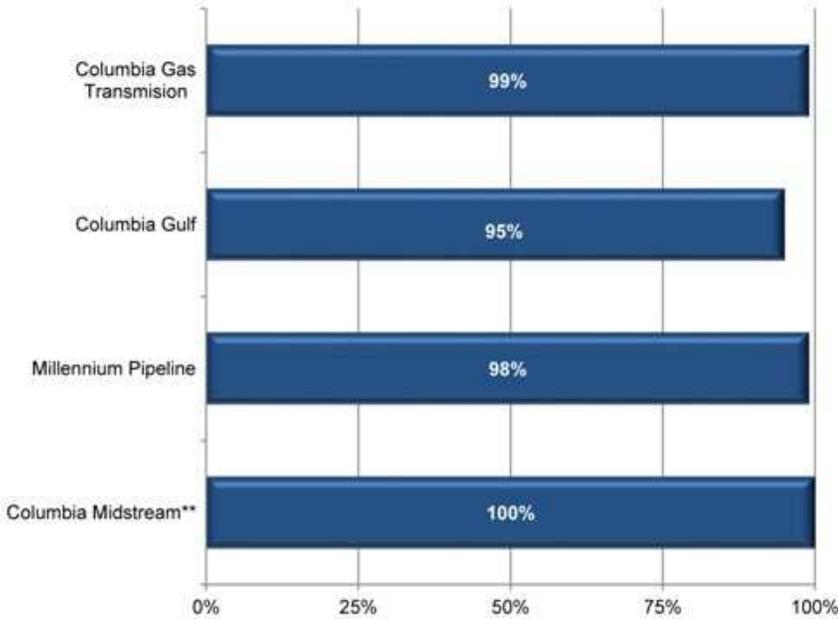


Complementing Our Core Business

CPG Contract and Customer Profile

Stable, Predictable & Growing Cash Flows

Virtually All Transportation and Storage Revenues From Firm Contracts*



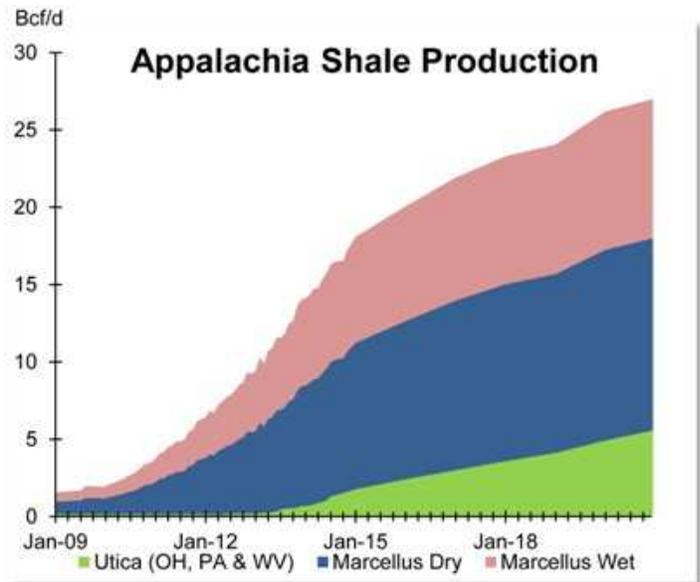
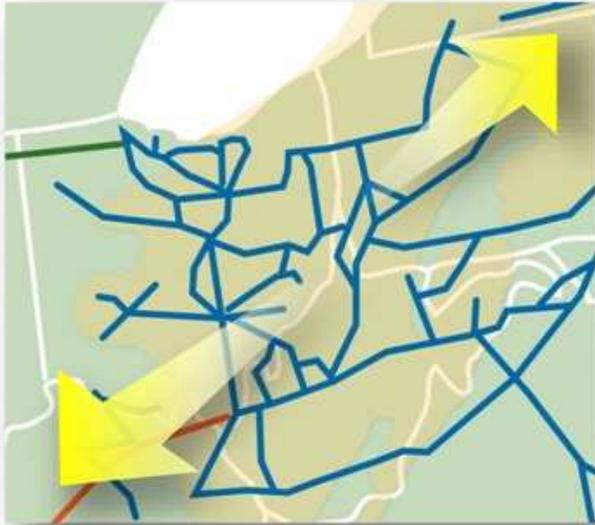
Selected Customers



* Contract data as of December 31, 2014
 ** Does not include CEVCO revenues

Changing Market Dynamics

Strategically Positioned to Capture Marcellus and Utica Growth



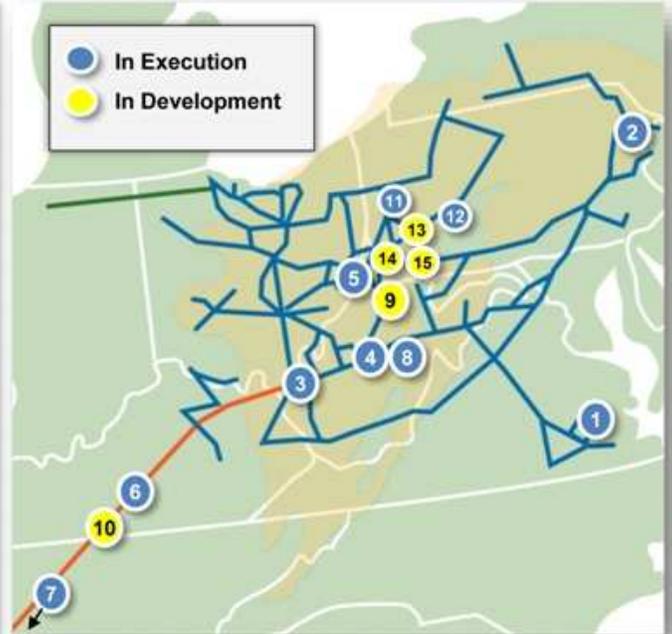
Source: EIA and Wood Mackenzie

Continued Production Growth Drives Ongoing Investment

CPG Project Inventory

\$10B+ in Modernization and Growth Opportunities

		Project	Expected CapEx (\$ in millions)	Expected In-Service
Regulated Projects	1	Chesapeake LNG	\$35	Q2 2015
	2	East Side Expansion	\$275	Q4 2015
	3	AEP Big Sandy	\$25	Q2 2016
	4	Utica Access	\$50	Q4 2016
	5	Leach XPress	\$1,420	Q4 2017
	6	Rayne XPress	\$380	Q4 2017
	7	Cameron Access	\$310	Q1 2018
	8	WB XPress	~\$850	Q4 2018
	9	Mountaineer XPress	~\$1,600	Q4 2018
	10	Gulf XPress	~\$1,000	Q4 2018
Midstream	11	Big Pine Expansion	\$65	Q3 2015
	12	East Washington Co. Gathering	\$120	Q3 2015-2018
	13	SW PA Dry Gas Header	\$250-\$600	2016-2018
	14	Majorsville Expansion	\$50-\$250	2016-2018
	15	Midstream Field Gathering	\$100-\$500	2015-2020



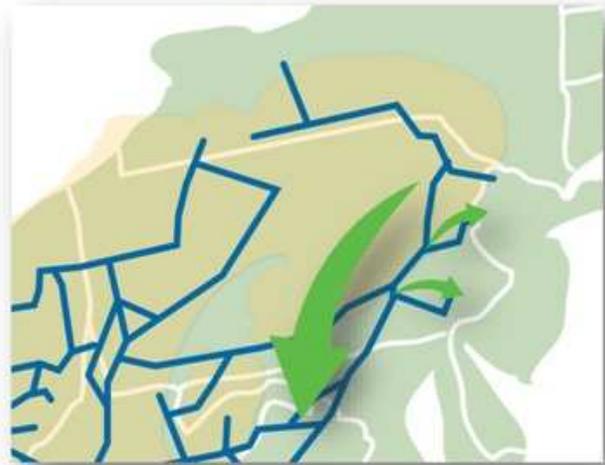
**System Modernization: \$4B-\$5B
Investment Potential Over 10-15 Years**

East Side Expansion

Linking New Supplies to Growing Markets



- Expands Facilities to Transport Marcellus Production to Mid-Atlantic Markets
- ~**300 MDth/d** of Additional Capacity
- Pipeline Looping; Compressor Station Upgrades and Modifications
- Key Customers: South Jersey Gas, South Jersey Resources, New Jersey Natural, Cabot, Southwestern
- Planned In Service: Q4 2015



~\$275M Investment Underpinned by East Coast LDCs and Marcellus Producers

Cameron Access Project

Linking Shale Supplies to LNG Export Market



- Transports Shale Supplies to Cameron LNG Facility
- **800 MDth/d** of Capacity from Rayne, Louisiana Compressor Station
- 28-mile Pipeline Extension; New Compressor Station
- Key Customers: GDF Suez SA, Mitsui & Co. Ltd.
- Planned In-Service: Q1 2018

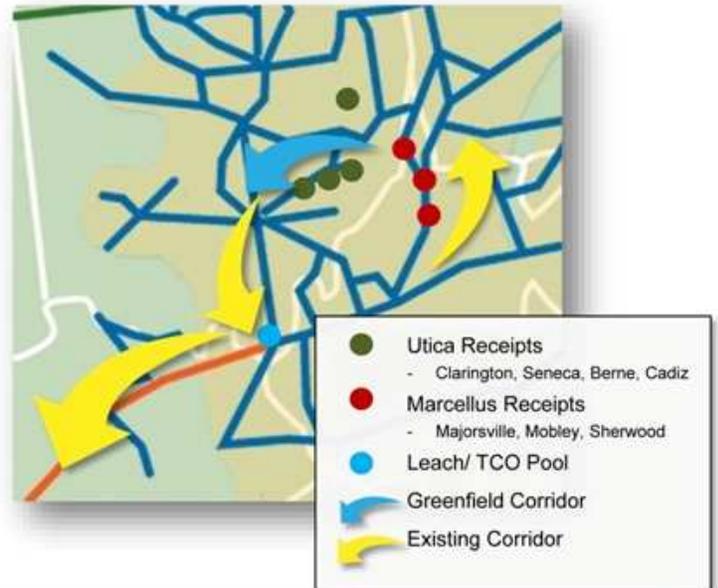


~\$310M Investment Underpinned by Long-Term Firm Contracts

Leach and Rayne XPress Projects

Providing Outlets and Additional Liquidity

- Transports Marcellus and Utica Supplies to Liquid Locations/Markets
- **1.5 MMth/d** of Additional Capacity
- ~160 Miles of New Pipeline (including 30 Miles of Looping); ~100,000 HP of additional compression across multiple sites
- Key Customers: Range Resources, Kaiser Francis, Noble and American Energy Partners
- Planned In-Service: 4Q 2017



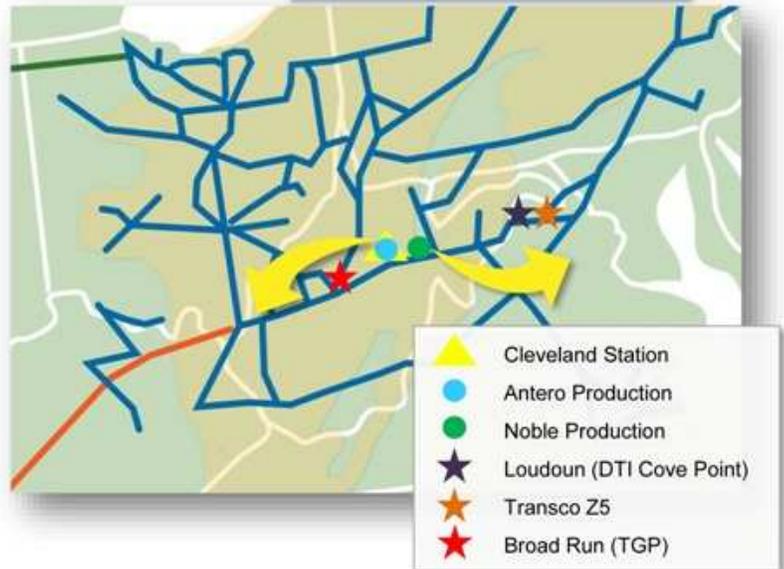
Combined ~\$1.8B Investment Underpinned by Long-Term Firm Contracts

WB XPress Project

Linking Marcellus Supplies to Attractive Markets



- Providing Additional Market Access for Marcellus Supplies
- Additional **1.3 MMDth/d** of Capacity:
 - **500 MDth/d East** Toward Loudoun
 - **800 MDth/d West** Toward Broad Run
- Pipeline Looping and Compression
- Key Customers: Antero, Noble, WGL
- Planned In-Service: Q4 2018



~\$850M Investment Underpinned by Long-Term Firm Contracts



Mountaineer XPress and Gulf XPress Projects

Transformational Growth Opportunity



- Transports Marcellus and Utica Shale Supplies to Liquid Markets
- Additional **2.7 MMDth/d** of Capacity on Columbia Transmission System
 - Clarington/Majorsville/Sherwood/WB areas to TCO Pool and Leach, KY
- Additional **860 MDth/d** of Capacity on Columbia Gulf
 - Leach to Mainline Pool and Rayne
- ~150 Mile Greenfield Pipeline (WV), Looping and Compression Stations
- Planned In-Service: Q4 2018



~\$2.6B Investment Underpinned by Long-Term Firm Contracts

Execution Excellence

Well Positioned to Execute on Our Growth Strategy

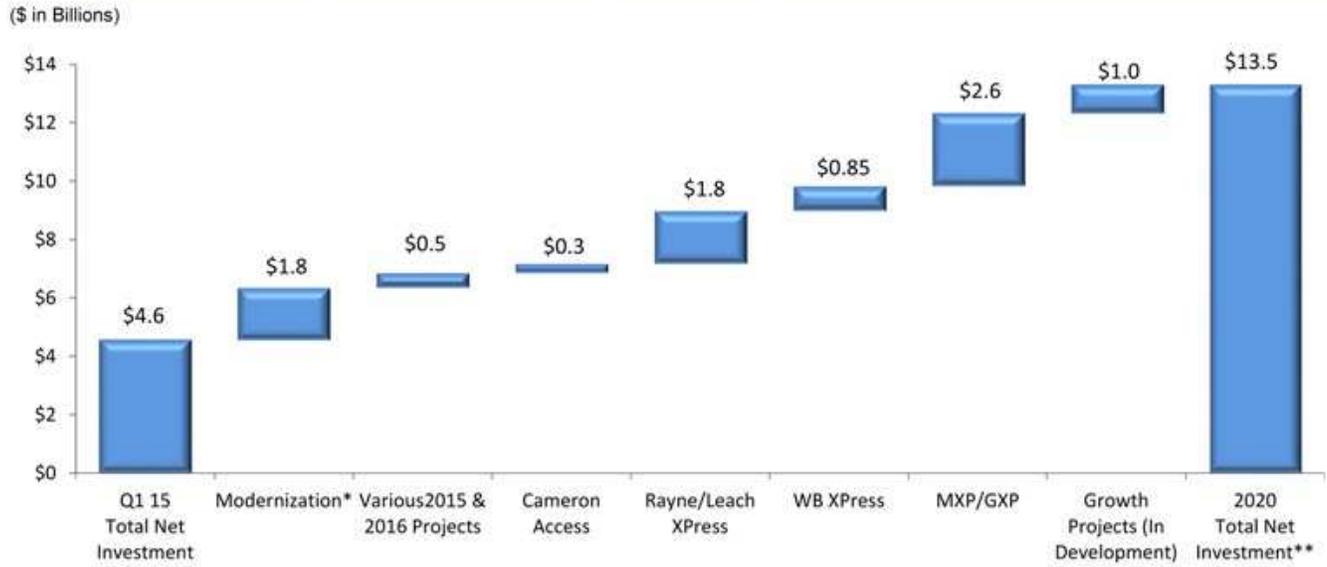
- Solid, Execution-Focused Project Delivery Team in Place
 - Proven Track Record of Delivering Projects On-Time, On-Budget
 - Strategic Alliances with Contractors and Suppliers
- Projects Within Our 'Wheelhouse'
 - Consistent with History and Expertise
 - Straightforward Pipeline and Compression Projects
 - Most Construction is within Existing Rights-of-Way
 - Limited Greenfield Builds (Ohio, WV and LA)



Delivering Projects at 5-7x EBITDA - On Time, On Budget

Transformational Growth

Executing on a Robust Project Investment Inventory



Expected ~3x Net Investment Growth by 2020

*Includes \$300M per Year Modernization post 2017
 ** Maintenance capital offsets depreciation



Financial Plan

Steve Smith
CFO



Columbia Pipeline Group

Financial Objectives

Prudent Investment

- Invest in Projects that Earn Appropriate Risk-Adjusted Returns
- Targeting 5-7x EBITDA for Organic Pipeline and Midstream Investments

Investment Grade Profile

- Maintain Strong Credit Metrics, Liquidity and Investment Grade Credit Ratings
 - Near Term: Debt/EBITDA ~4.5x
 - Longer-Term: Debt/EBITDA ~4.0-4.5x

Strong MLP Vehicle

- CPPL Growth and Valuation Supported by Growing Participation in CPG OpCo
 - Public's Effective Ownership of CPG OpCo 35-45% by 2020
 - ~20% Average Annual Distribution Growth Through 2020
- CPPL to Provide Equity Funding for Expansion Program

Best-in-Class Total Return

- CPG: A Compelling Investment Proposition
 - ~20% Annual Average EBITDA Growth Through 2020
 - ~15% Annual Average Dividend Growth Through 2020
 - Initial Dividend Coverage of ~2x; In Line with GP Peers Over Time
 - Valuable GP Interest with Attractive IDR Structure; High Splits by ~2018

Columbia Pipeline Group

Expected Growth Investment Program*

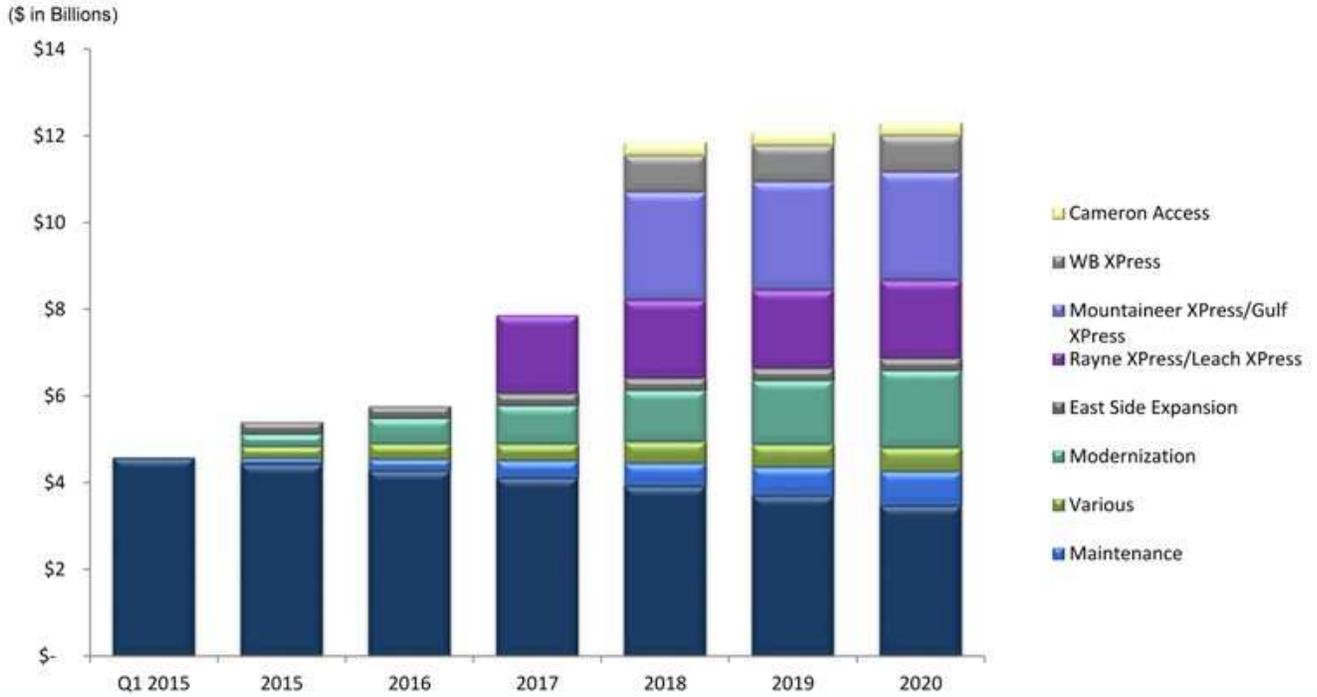


Growing Investment Inventory

* Includes ~\$135M/Year for Maintenance CapEx

Columbia Pipeline Group

Expected CPG Cumulative Investment Growth*

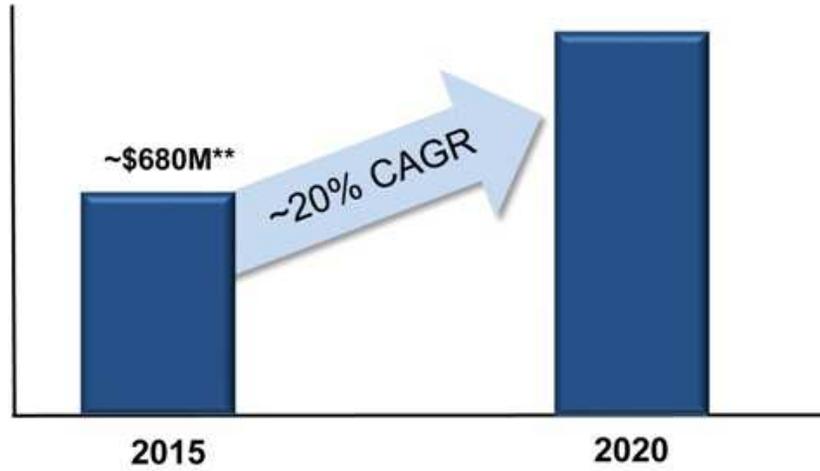


Transformational Growth with Potential Material Upside Post 2018

* Shown by year projects go into service

Columbia Pipeline Group

Expected EBITDA* Growth Profile



Expected EBITDA CAGR = ~20% 2015-2020

- * For a reconciliation to GAAP see accompanying appendix
- ** Does not include separation costs

Columbia Pipeline Group

Conservative Recapitalization and Strong Liquidity Profile

Recapitalization Summary

- Issuing \$2.75 Billion CPG Long-Term Notes
 - Ratings: Baa2/BBB-/BBB-
 - Weighted Avg. Maturity 10+ Years
- Special Dividend to NI of \$1.45 Billion
- ~\$1.2 Billion of Intercompany NI Debt Eliminated

Planned Liquidity & 2016 Financing

- \$2.0 Billion of Revolving Credit Facilities
 - \$1.5 Billion CPG
 - \$0.5 Billion CPPL
- \$500-\$600 Million Drawn on Revolvers during 2015
- No Additional MLP Equity Issued until 2016

Strong Liquidity and Investment Grade Rating

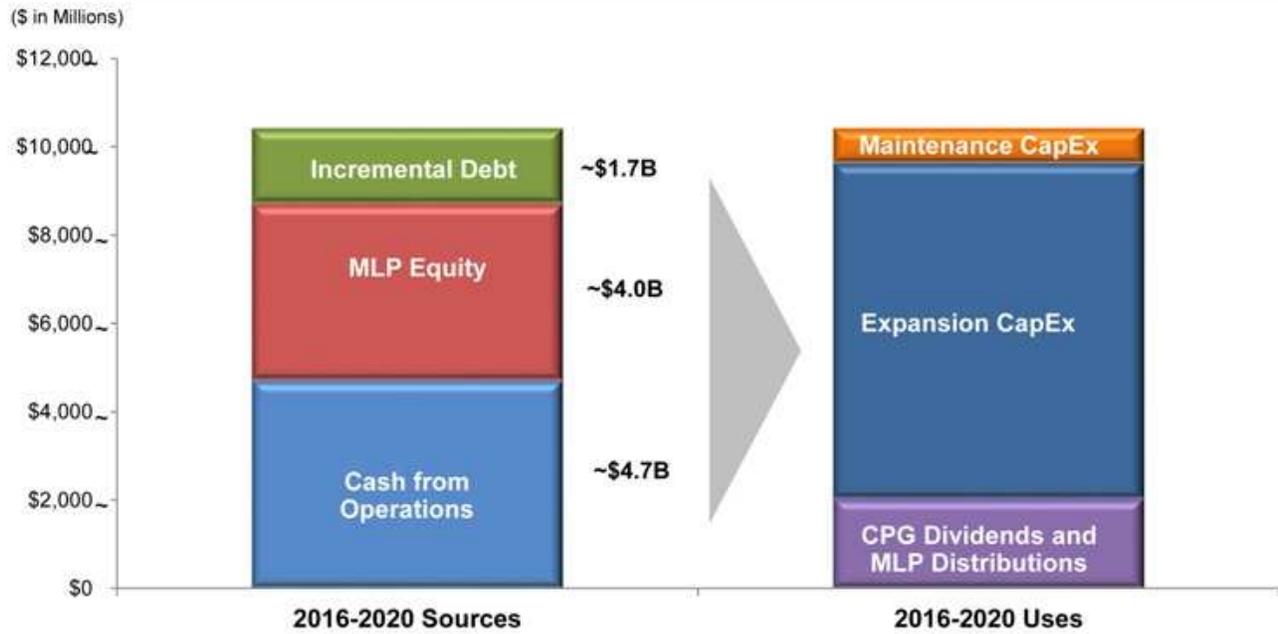
Expansion Financing Plan

- CPPL to Provide Equity Funding
 - Additional \$4.0B Planned Issuances 2016-2018
- Long-Term Debt Financing in Place by End of May
 - Revolver Expected to be Primary Source of Short-Term Debt Funding
- Maintain Investment Grade Credit Ratings at CPG
 - Near-Term: Debt/EBITDA ~4.5x
 - Longer-Term: Debt/EBITDA ~4.0 - 4.5x
- Cash Flow and Debt Capacity Post-2018 Provides CPG Significant Optionality for:
 - Growth Investments
 - Dividend Increases
 - Other Shareholder Initiatives

Funding CPG Growth Primarily with Cash Flow and MLP Equity

Columbia Pipeline Group

Expected Sources and Uses



Funding CPG Growth Primarily with Cash Flow and MLP Equity

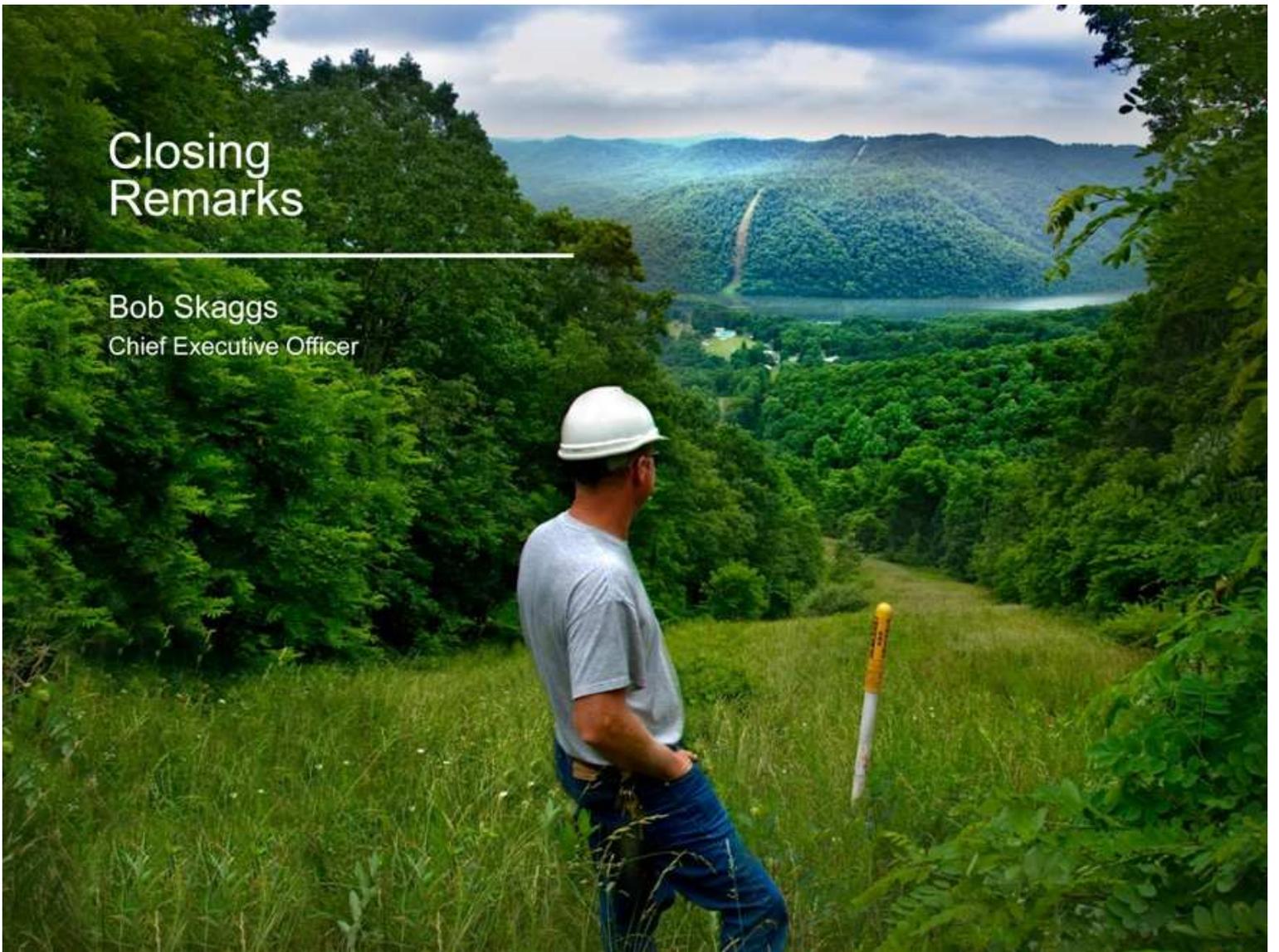
Summary

- Transformational Growth
- Strong Financial Plan
- Ample Liquidity and Investment Grade Credit Ratings
- Best-in-Class Equity Vehicle: CPPL
 - ~20% Average Annual Distribution Growth Through 2020
- Compelling CPG Investment Proposition
 - ~20% Average Annual EBITDA Growth Through 2020
 - ~15% Average Annual Dividend Growth Through 2020
 - Valuable GP Interest; High Splits by ~2018
 - Initial Dividend Coverage of ~2x; In Line with GP Peers Over Time

Compelling Investment Proposition

Closing Remarks

Bob Skaggs
Chief Executive Officer



Columbia Pipeline Group

A Premier Pipeline, Midstream & Storage Company



- Stable, Predictable and Growing Cash Flows
- Transformational Growth
- Unparalleled Strategic Footprint in Marcellus and Utica Shale Regions
- Experienced Leadership Team
- Financial Strength and Optionality
- Compelling Investment Proposition

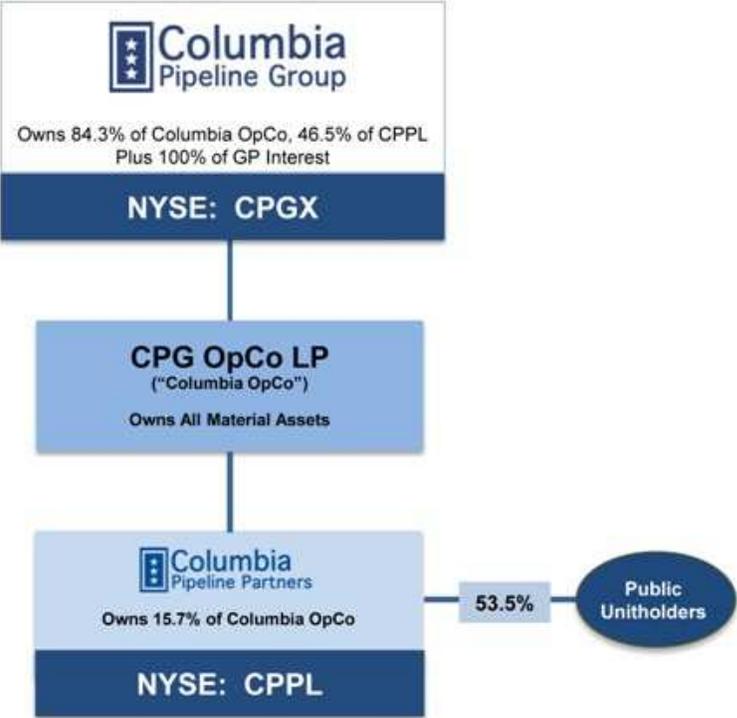
An Excellent Investment - Positioned for Transformational Growth

Appendix



Columbia Pipeline Group

Organizational Structure



Taxation of CPG Income/Cash Flows

- Bonus Depreciation Extended for 2014; Assume No Additional Extensions
- Taxes on MLP Drop Downs Deferred Due to OpCo Structure
- Cash Taxes Include:
 - Tax on IDRs at Full Corporate Rate
 - Effects of Remedial Income Allocations
 - Effects of Capped Shield
- Estimated Cash Tax Rates:
 - None in 2015
 - <10% in 2016
 - 10-15% in 2017-18
 - ~25% in 2019-20

Columbia Pipeline Group

GAAP Reconciliation*

	(\$ in Millions)
Operating revenues	\$ 1,423
Operating expenses	
Operation and maintenance	836
Depreciation and amortization	140
Gain on sale of assets	(55)
Property and other taxes	77
Total Operating Expenses	<u>998</u>
Equity earnings in unconsolidated affiliates	<u>63</u>
Operating Income	\$ 488
Interest Expense	(123)
Other, net	38
Income taxes	<u>(130)</u>
Net Income	\$ 274
Add:	
Non-recurring costs related to the spin-off	50
Depreciation and amortization	140
Interest expense	123
Income taxes	130
Less:	
Other, net	<u>38</u>
EBITDA	\$ 678

37

* Does not include separation costs.



Columbia Pipeline Group Leadership Team

Name & Position	Background
 <p>Robert C. Skaggs Jr. <i>Chief Executive Officer</i></p>	<ul style="list-style-type: none"> ➤ Named Chief Executive Officer of CPG in December 2014 ➤ Named President of NiSource in 2004 and added the CEO responsibilities in July 2005 ➤ Prior to 2004, Skaggs was Executive Vice President, Regulated Revenue, for NiSource ➤ Skaggs joined the law department of Columbia Gas Transmission in 1981 and served in various management positions until he became President of Columbia Gas of Ohio and Columbia Gas of Kentucky in 1996
 <p>Stephen P. Smith <i>Executive VP & Chief Financial Officer</i></p>	<ul style="list-style-type: none"> ➤ Named Chief Financial Officer of CPG in December 2014; responsible for the Columbia Pipeline Group's (CPG) financial functions ➤ Currently NiSource CFO; Smith has held senior-level positions with American Electric Power Co. (AEP) and the Columbia Energy Group (CEG) ➤ Serves as a Director and Audit Committee member of Natural Resource Partners, L.P., a publicly traded master limited partnership principally engaged in the business of owning and managing mineral reserve properties. NRP primarily owns coal, aggregate and oil and gas reserves across the United States that generate royalty income for the partnership
 <p>Glen Kettering <i>President</i></p>	<ul style="list-style-type: none"> ➤ Named President of CPG in December 2014 ➤ Serving as EVP and Group CEO for NiSource's CPG unit since early 2014 ➤ Prior to this position, Kettering served as Senior Vice President, Corporate Affairs, where he was responsible for leading NiSource's investor relations, communications and federal government affairs functions ➤ He also served in a variety of legal, regulatory, commercial and executive roles, including President of Columbia Gas Transmission and Columbia Gulf Transmission

Columbia Pipeline Group Leadership Team

Name & Position	Background
 <p>Stan Chapman III Executive VP & Chief Commercial Officer</p>	<ul style="list-style-type: none"> ➤ Named Executive Vice President and Chief Commercial Officer of CPG in December 2014; originally joined NiSource in December 2011 ➤ Prior to this position, Chapman spent nearly 23 years in various roles within the El Paso Pipeline Group where he was Vice President for Marketing, Business Development and Asset Optimization
 <p>Shawn Patterson Executive VP & Chief Operating Officer</p>	<ul style="list-style-type: none"> ➤ Named Executive Vice President and Chief Operating Officer of CPG in December 2014; joined CPG in 2012 and has been with NiSource for 20 years ➤ Patterson is responsible for operations, engineering and project delivery across CPG ➤ He also oversees the execution of CPG's modernization and growth programs ➤ Previously served in various operational leadership roles with NiSource Electric and Gas utilities
 <p>Brett Stovern Executive VP & Chief Operating Officer, Midstream</p>	<ul style="list-style-type: none"> ➤ Named Executive Vice President and Chief Operating Officer, Midstream of CPG in December 2014; originally joined CPG in 2010 ➤ Stovern brings a broad range of experience, including over 15 years of energy industry experience; his background includes business development, arranging complex financial transactions and leading risk management activities ➤ Prior to his career at CPG, Stovern served as Vice President and Treasurer of AGL Resources
 <p>Robert Smith Senior VP & General Counsel</p>	<ul style="list-style-type: none"> ➤ Named Senior Vice President and General Counsel of CPG in December 2014 ➤ Served as NiSource Corporate Secretary, VP and Deputy General Counsel beginning in September 2008 and April 2013, respectively ➤ 18 years experience in the energy industry, with significant experience in regulatory, finance, securities, governance, major transactions and general corporate law

CPG Interstate Pipeline and Storage Assets

Strategically located network of FERC-regulated interstate pipelines and natural gas storage systems

Interstate Pipeline & Storage	Columbia Gas Transmission	<ul style="list-style-type: none"> • 11,395 mile interstate pipeline • Operations are located in Delaware, Kentucky, Maryland, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Virginia and West Virginia • 89 compressor stations with 635,671 horsepower of installed capacity and ~3,400 underground storage wells with roughly approximately 290 MMDth of working gas capacity • As of 12/31/2014, ~99% of transportation revenue was generated under firm contract with an average remaining contract life of ~6 years
	Columbia Gulf Transmission	<ul style="list-style-type: none"> • 3,341 mile interstate pipeline • Operations are located in Kentucky, Louisiana, Mississippi, Tennessee, Texas and Wyoming • 11 compressor stations with ~470,200 horsepower of installed capacity • As of 12/31/2014, ~95% of transportation revenue was generated under firm contract with an average remaining contract life of ~4 years
	Millennium Pipeline Joint Venture	<ul style="list-style-type: none"> • Columbia OpCo owns a 47.5% ownership interest in Millennium Pipeline Company, which transports an average of 1 MMDth/d of natural gas • 253 mile interstate pipeline • Primarily sourced from Marcellus shale to markets across southern New York and the lower Hudson Valley, as well as to the New York City market • As of 12/31/2014, 98% of transportation revenue was generated under firm contract with an average remaining contract life of ~6 years
	Hardy Storage Joint Venture	<ul style="list-style-type: none"> • Columbia OpCo owns a 49% ownership interest in Hardy Storage Company, LLC, which owns an underground natural gas storage field in Hardy and Hampshire counties in West Virginia • Hardy Storage has a working storage capacity of ~12MMDth • As of 12/31/2014, 100% of storage revenue was generated under firm contract with an average remaining contract life of ~8 years

CPG Gathering, Processing and Other Assets

Gathering & Processing	Majorsville Gathering System	<ul style="list-style-type: none">Northern West Virginia and Southwestern Pennsylvania350 MMcf/d wet gas gathering pipeline system
	Big Pine Gathering System	<ul style="list-style-type: none">Western Pennsylvania20" and 24" high pressure gathering pipeline system with 425 MMcf/d of capacity
	Pennant JV / Hickory Bend Gathering System	<ul style="list-style-type: none">Northeast Ohio and Western Pennsylvania50/50 partnership with Hilcorp affiliate43 miles of wet gas gathering pipelines with 500 MMcf/d of capacity, a 200 MMcf/d cryogenic processing plant and a 37 mile 45,000 Bbl/d NGL pipeline (expandable to 90,000 Bbl/d)
Other	Columbia Energy Ventures	<ul style="list-style-type: none">Manages Columbia OpCo's mineral rights positions in the Marcellus and Utica shalesOwns production rights to over 450,000 acres and has sub-leased the production rights in four storage fields and has also contributed its production rights in one other field<ul style="list-style-type: none">Participation in working interests provides opportunities for future midstream infrastructure investments

Columbia Pipeline Group

Asset Overview*

Interstate Pipeline	Asset	Miles of Pipeline	Annual Throughput (MMDth)	% of Transportation Revenue from Firm Contracts**	Average Remaining Contract Life (years) **	
	Columbia Gas Transmission	Interstate natural gas pipeline system	11,395	1,379	99%	5.5
	Columbia Gulf	Interstate natural gas pipeline system	3,341	627	95%	4.3
	Millennium Pipeline	Interstate natural gas pipeline infrastructure	253	471	98%	5.7
Storage	Asset	Working Storage Capacity (MMDth)	Annual Withdrawal (MMDth)	% of Storage Revenue from Firm Contracts**	Average Remaining Contract Life (years) **	
	Columbia Gas Transmission	~3,400 underground storage wells	287	217	100%	3.0
	Hardy Storage	Underground natural gas storage field	12	9.8	100%	8.3
Gathering & Processing	Asset	Miles of Pipeline	Processing Capacity (MMcf/d)	% of Transportation Revenue from Firm Contracts**	Average Remaining Contract Life (years) **	
	Columbia Midstream	Provider of natural gas producer services	103	N/A	100%	7.8
	Pennant Midstream	Wet natural gas gathering, processing and NGL pipeline systems	80	200	100%	9.5

Average 5 Yrs. Remaining Contract Life

*Represents 100% of assets shown. Columbia OpCo will own 47.5%, 49% and 50% of Millennium Pipeline, Hardy Storage and Pennant Midstream, respectively.

**As of 12/31/14.



NEWS



801 E. 86th Avenue
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May 14, 2015

FOR ADDITIONAL INFORMATION

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NiSource, Columbia Pipeline Group outline post-separation performance outlooks

MERRILLVILLE, Ind. – NiSource Inc. (NYSE: NI) and Columbia Pipeline Group (CPG) executives today outlined their respective post-separation business strategies and growth outlooks while confirming additional details of the planned separation.

- NiSource outlined 2016 financial guidance and confirmed a projected average annual 4-6 percent earnings per share and dividend growth rate
- CPG outlined 2015 financial guidance and defined a projected average annual growth rate through 2020 of ~20 percent EBITDA growth and ~15 percent dividend growth
- CPG investment grade credit ratings secured
- Debt recapitalization and refinancing in progress; separation on track for July 1, 2015

NiSource post-separation performance outlook

Following the separation, NiSource will remain one of the largest natural gas utility companies in the United States, serving more than 3.4 million customers in seven states under the Columbia Gas and NIPSCO brands. The company also will continue to provide electric distribution, generation and transmission services for approximately 450,000 NIPSCO electric customers in northern Indiana. NiSource will continue to be headquartered in Merrillville, Indiana, and plans to maintain current levels of community involvement, charitable giving and economic development support following the separation.

NiSource reiterated its commitment to investment grade credit ratings and that it expects to grow earnings and the dividend each by 4-6 percent annually. **In 2016, NiSource expects to deliver non-GAAP earnings per share of \$1.00-\$1.10 with planned infrastructure enhancement opportunities reaching approximately \$1.4 billion**. Approximately 75 percent of these investments are expected to be focused on revenue-generating investments. The initial annualized dividend is expected to be \$0.62 per share, and in aggregate with the expected CPG dividend outlined below, is 7.7 percent higher than the current NiSource dividend.

“As one of the only fully-regulated utilities of our size, supported by approximately \$30 billion of expected long-term infrastructure enhancements, NiSource offers a compelling growth investment proposition with significant scale,” NiSource’s post-separation President and Chief Executive Officer (CEO) **Joseph Hamrock** said. “As our team executes on this well-established, stakeholder-supported and revenue-generating infrastructure strategy, we will continue to enhance safety, reliability and customer service.”

Columbia Pipeline Group post-separation performance outlook

After the separation, CPG will include Columbia Gas Transmission, Columbia Gulf Transmission, Columbia Midstream Group, its ownership in Columbia Pipeline Partners (NYSE: CPPL) (“CPPL”), and other current NiSource natural gas pipeline, storage and midstream holdings. In total, at separation the new public company will operate more than 15,000 miles of natural gas transmission pipelines, nearly 300 billion cubic feet of underground natural gas storage working capacity, and a growing portfolio of midstream and related facilities. CPG will be based in Houston and is expected to trade on the New York Stock Exchange under the ticker symbol “CPGX.”

Expected net investment in pipeline, storage and midstream assets is expected to grow from approximately \$4.6 billion at the beginning of 2015 to approximately \$13.5 billion at year-end 2020. Total capital expenditures from 2016 to 2020 are expected to reach approximately \$8.4 billion, of which approximately \$4 billion is planned to be funded by the issuance of CPPL equity. Total capital expenditures include maintenance capital of approximately \$135 million a year.

The committed project inventory is expected to deliver CPG EBITDA (non-GAAP) of approximately \$680 million, excluding separation costs, in 2015, with an average annual growth rate of approximately 20 percent through 2020. As previously announced, the initial annualized dividend is expected to be \$0.50 per share, with a targeted average growth rate of approximately 15 percent per year from 2016 to 2020. CPG’s initial coverage from distributable cash flow is expected to be approximately 2.0x, but over time reach a level in line with other high-growth general partner peers.

“With our strategically located assets, a track record of execution, solid investment grade credit ratings and strong liquidity, CPG is positioned for transformational growth,” said **Robert C. Skaggs Jr.**, who will become Chairman and CEO of CPG upon separation. “As we execute on our deep inventory of modernization and growth projects, which are underpinned by long-term, fee-based contracts, we expect to triple our net investment by 2020.”

Debt recapitalization, liquidity and separation update

Earlier this month, Moody’s, Standard & Poor’s and Fitch Ratings confirmed CPG’s investment grade credit ratings of Baa2, BBB- and BBB-, respectively. NiSource’s investment grade credit ratings are expected to be addressed at, or just prior to, the separation.

As part of the debt recapitalization and refinancing process, on May 5, NiSource initiated a tender offer of \$750 million dollars in long-term debt, which is scheduled to close in early June. CPG is expected to issue \$2.75 billion in long-term debt before the separation, which will be used to fund, in large part, a one-time cash distribution to NiSource and to pay down existing intercompany debt.

“With investment-grade credit ratings secured at CPG, the debt recapitalization process initiated, and solid liquidity platforms in place, we’re on track to complete the separation on July 1,” current NiSource President and CEO Skaggs said. “In early June, the Form 10 is expected to be declared effective by the SEC, and at that time, we’ll also announce and confirm the when-issued trading period, the record date and the distribution date for CPG shares.”

At the separation, NiSource shareholders will retain their current shares of NiSource stock and receive a pro-rata dividend of shares of CPG stock, expected to be at a 1-to-1 ratio. The actual number of CPG shares to be distributed to NiSource shareholders will be determined prior to closing.

The transaction is expected to be tax-free to NiSource and its shareholders, and is subject to various conditions, including final approval by the NiSource board of directors and the U.S. Securities & Exchange Commission (SEC) declaring CPG’s Form 10 Registration Statement effective.

Webcasts scheduled for 9:00 a.m. ET and 10:30 a.m. ET today

Later this morning, NiSource and CPG will host separate webcasts to further highlight the above growth strategies and respective business plans.

NiSource's post-separation executive team will present from 9:00 a.m. – 10:30 a.m. ET today.

CPG's post-separation executive team will present from 10:30 a.m. – noon ET today.

Both webcasts, and their accompanying presentations, will be available at www.nisource.com. The webcasts also will be archived at the NiSource website.

Regulation G Disclosure Statement

This press release includes guidance for NiSource with respect to net operating earnings from continuing operations and EBITDA, which is a non-GAAP financial measure as defined by the SEC's Regulation G. It should be noted that there will likely be differences between such net operating earnings and GAAP equivalents due to various factors, including, but not limited to, weather, restructuring costs and accounting changes. NiSource is not able to estimate the impact of such factors on GAAP earnings and, as such, is not providing earnings guidance on a GAAP basis.

For a reconciliation of CPG's EBITDA outlook to GAAP for 2015, please see the NiSource Form 8K filed with the SEC on May 14, 2015.

About NiSource

NiSource Inc. (NYSE: NI), based in Merrillville, Indiana, is a Fortune 500 company engaged in natural gas transmission, storage and distribution, as well as electric generation, transmission and distribution. NiSource operating companies deliver energy to 3.8 million customers located within the high-demand energy corridor stretching from the Gulf Coast through the Midwest to New England. Information about NiSource and its subsidiaries is available via the Internet at www.nisource.com. NI-F

Forward-Looking Statements

This news release contains forward-looking statements within the meaning of federal securities laws. These forward-looking statements are subject to various risks and uncertainties. Examples of forward-looking statements in this release include statements and expectations regarding the timing of the separation, anticipated dividends by NiSource and CPG, as well as NiSource's and CPG's business following the separation and the leadership of NiSource and Columbia Pipeline Group, Inc. following the separation. Factors that could cause actual results to differ materially from the projections, forecasts, estimates and expectations discussed in this release include, among other things, the timing to consummate the transactions described herein; the risk that a condition to consummation is not satisfied; disruption to operations as a result of the proposed transactions; the inability of one or more of the businesses to operate independently following the completion of the proposed transactions; weather; fluctuations in supply and demand for energy commodities; growth opportunities for NiSource's and CPG's businesses; increased competition in deregulated energy markets; the success of regulatory and commercial initiatives; dealings with third parties over whom NiSource and CPG have no control; actual operating experience of NiSource's and CPG's assets; the regulatory process; regulatory and legislative changes; changes in general economic, capital and commodity market conditions; and counter-party credit risk, and the matters set forth in the "Risk Factors" sections in NiSource's 2014 Form 10-K and subsequent NiSource filings of Form 10-Q and in CPG's Form 10, many of which are beyond the control of NiSource and CPG. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this news release. NiSource expressly disclaims any duty to update any of the forward-looking statements contained in this release.

The potential distribution of CPG shares is subject to the satisfaction of a number of conditions, including the final approval of NiSource's Board of Directors. There is no assurance that such distribution will in fact occur.

NISOURCE INC/DE

FORM 8-K (Current report filing)

Filed 05/19/15 for the Period Ending 05/19/15

Address	801 EAST 86TH AVE MERRILLVILLE, IN 46410-6272
Telephone	2196475200
CIK	0001111711
Symbol	NI
Fiscal Year	12/31

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934**

Date of report (Date of earliest event reported): May 19, 2015

NiSource Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation or organization)

001-16189
(Commission
File Number)

35-2108964
(IRS Employer
Identification No.)

801 East 86th Avenue
Merrillville, Indiana
(Address of principal executive offices)

46410
(Zip Code)

Registrant's telephone number, including area code: (877) 647-5990

(Former name or former address, if changed since last report): Not applicable

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4 (c))
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ITEM 7.01. Regulation FD Disclosure.

On May 19, 2015, Columbia Pipeline Group, Inc. (the “Company”), a wholly owned subsidiary of the registrant, issued a press release announcing that, subject to market conditions, it intends to offer \$2.75 billion in aggregate principal amount of its senior unsecured notes in a private placement under Rule 144A and Regulation S of the Securities Act of 1933, as amended, to eligible purchasers. The Company expects the senior notes will be issued in separate series. The notes are expected to initially be fully and unconditionally guaranteed on a senior unsecured basis by certain of the registrant’s subsidiaries, including Columbia Energy Group, CPG OpCo GP LLC and CPG OpCo LP.

The Company’s press release, dated May 19, 2015, is furnished as Exhibit 99.1 to this Current Report and is incorporated by reference into this Item 7.01.

ITEM 9.01. Financial Statements and Exhibits.

(d) *Exhibits*

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press Release, dated May 19, 2015, issued by Columbia Pipeline Group, Inc.

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 hereunto duly authorized.

Date: May 19, 2015

NISOURCE INC.

By: /s/ David J. Vajda
David J. Vajda
Vice President, Treasurer and Chief Risk Officer

EXHIBIT INDEX

Exhibit Number

99.1

Description

Press Release, dated May 19, 2015, issued by Columbia Pipeline Group, Inc.

Columbia Pipeline Group, Inc. Announces Launch of \$2.75 Billion Private Placement of Senior Notes

HOUSTON, Texas, May 19, 2015—Columbia Pipeline Group, Inc. (the “Company”), a wholly owned subsidiary of NiSource Inc. (“NiSource”) (NYSE: NI) announced today that, subject to market conditions, it intends to offer \$2.75 billion in aggregate principal amount of its senior unsecured notes in a private placement under Rule 144A and Regulation S of the Securities Act of 1933, as amended (the “Securities Act”), to eligible purchasers. The Company expects the senior notes will be issued in separate series. The notes are expected to initially be fully and unconditionally guaranteed on a senior unsecured basis by certain of the Company’s subsidiaries.

The Company intends to use the net proceeds from the private placement to pay off \$1.0252 billion of intercompany debt between the Company and NiSource and to fund a \$1.45 billion special dividend to NiSource in connection with its planned separation from NiSource . The Company intends to use the remaining net proceeds for general corporate purposes.

The notes and the related guarantees have not been registered under the Securities Act, or any state securities laws, and unless so registered, may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. The Company plans to offer and sell the notes only to qualified institutional buyers pursuant to Rule 144A under the Securities Act and to persons outside the United States pursuant to Regulation S under the Securities Act.

This press release is being issued pursuant to Rule 135c under the Securities Act, and shall not constitute an offer to sell, or the solicitation of an offer to buy, any of these securities, nor shall there be any sale of these securities in any state in which such offer, solicitation, or sale would be unlawful prior to registration or qualification under the securities laws of such states.

About Columbia Pipeline Group, Inc.

Headquartered in Houston, Texas, Columbia Pipeline Group (CPG) companies own and operate more than 15,000 miles of strategically located natural gas pipelines, integrated with one of the largest underground storage systems in North America. From the Gulf Coast to the Midwest, Mid-Atlantic and Northeast, their systems connect premium natural gas supplies with some of the nation’s strongest energy markets, serving customers in more than 16 states. Approximately 1.3 trillion cubic feet of natural gas flows through CPG pipeline and storage systems each year, providing competitively priced, clean energy for millions of homes, businesses and industries. Information about Columbia Pipeline Group can be found at of its website.

About NiSource Inc.

NiSource Inc., based in Merrillville, Ind., is a Fortune 500 company engaged in natural gas transmission, storage and distribution, as well as electric generation, transmission and distribution. NiSource operating companies deliver energy to 3.8 million customers located within the high-demand energy corridor stretching from the Gulf Coast through the Midwest to New England. Information about NiSource and its subsidiaries can be found at NiSource’s website.

Forward-Looking Statement

This release may include “forward-looking statements” within the meaning of federal securities laws. Such forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond the Company’s control. All statements, other than historical facts included in this release, are forward-looking statements. All forward-looking statements speak only as of the date of this release. Although the Company believes that the plans, intentions and expectations reflected in or suggested by the forward-looking statements are reasonable, there is no assurance that these plans, intentions or expectations will be achieved. Therefore, actual outcomes and results could materially differ from what is expressed, implied or forecast in such statements.

This release contains certain forward-looking statements that are based on current plans and expectations and are subject to various risks and uncertainties. The Company’s business and any offering may be influenced by many factors that are difficult to predict, involve uncertainties that may materially affect actual results and are often beyond the Company’s control. These factors include, but are not limited to: delay of, or other negative developments affecting the separation; regulatory approvals or receipt of an affirmative IRS ruling; completion of a review by the SEC of the Form 10 filed by the Company; execution of separation and intercompany agreements; approval of the final terms by NiSource’s board of directors; or inability of the separated businesses to operate independently. For a full discussion of these risks and uncertainties, please refer to the “Risk Factors” section of the Company’s Form 10 and the information included in subsequent filings it makes with the SEC. Material risks that may affect NiSource’s results of operations and financial position appear in Part 1, Item 1A “Risk Factors” of the 2014 Form 10-K. The Company refers you to those discussions for further information.

Source: Columbia Pipeline Group, Inc./NiSource Inc.

Media Contact:
Scott Castleman
304-550-0915
scastleman@nisource.com

or

Investor Relations:
Randy Hulen
Vice President, Investor Relations
219-647-5688
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NISOURCE INC/DE

FORM 8-K (Current report filing)

Filed 05/19/15 for the Period Ending 05/18/15

Address	801 EAST 86TH AVE MERRILLVILLE, IN 46410-6272
Telephone	2196475200
CIK	0001111711
Symbol	NI
Fiscal Year	12/31

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

**CURRENT REPORT
Pursuant To Section 13 OR 15(d)
of The Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): May 18, 2015

NiSource Inc.

(Exact name of registrant as specified in its charter)

Commission file number 001-16189

Delaware
(State or other jurisdiction of
incorporation or organization)

35-2108964
(I.R.S. Employer
Identification No.)

801 East 86th Avenue
Merrillville, Indiana
(Address of principal executive offices)

46410
(Zip Code)

Registrant's telephone number, including area code (877) 647-5990

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions.

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2 (b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4 (c))
-
-

Item 8.01 Other Events

On May 18, 2015, NiSource Inc. issued a press release announcing the pricing of the previously announced cash tender offer (the “Tender Offer”) by its finance subsidiary, NiSource Finance Corp., for its 5.250% Notes due 2017, 6.400% Notes due 2018, 4.450% Notes due 2021, and 3.850% Notes due 2023 (collectively, the “Notes”).

On May 19, 2015, NiSource Inc. also issued a press release announcing the results of the Tender Offer as of the early tender deadline.

Item 9.01 Financial Statements and Exhibits

(d) *Exhibits*

<u>Exhibit Number</u>	<u>Description</u>
99.1	NiSource Inc. Press Release relating to the pricing of the Tender Offer, dated May 18, 2015.
99.2	NiSource Inc. Press Release relating to the results of the Tender Offer as of the early tender deadline, dated May 19, 2015.

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 hereunto duly authorized.

NiSource Inc.

(Registrant)

Date: May 19, 2015

By: /s/ David J. Vajda

David J. Vajda
Vice President, Treasurer and Chief Risk Officer

EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description</u>
99.1	NiSource Inc. Press Release relating to the pricing of the Tender Offer, dated May 18, 2015.
99.2	NiSource Inc. Press Release relating to the results of the Tender Offer as of the early tender deadline, dated May 19, 2015.



NiSource Announces Pricing for its Cash Tender Offer

MERRILLVILLE, Ind. - May 18, 2015 – NiSource Inc. (NYSE: NI) announced today the reference yield and total consideration for each series of notes subject to the previously announced cash tender offer (the “Tender Offer”) made by its finance subsidiary, NiSource Finance Corp. NiSource Finance is offering to purchase up to a combined aggregate principal amount of \$750,000,000 of its 5.250% Notes due 2017, 6.400% Notes due 2018, 4.450% Notes due 2021, and 3.850% Notes due 2023 (the “Notes”).

The Tender Offer is being made pursuant to, and subject to the terms and conditions in, an Offer to Purchase, dated May 5, 2015 (the “Offer to Purchase”), which sets forth a description of the terms of the Tender Offer.

The reference yields for the Tender Offer were determined at 2:00 p.m., Eastern time, today. The consideration to be paid in the Tender Offer for each series of Notes is based on the applicable reference yield plus a fixed spread, as set forth in the table below. Holders who validly tender and do not validly withdraw Notes at or prior to the Early Tender Deadline (as defined below) that are accepted for purchase will receive the total consideration, which includes an early tender premium of \$30.00 per \$1,000 principal amount of Notes accepted for purchase (the “Early Tender Premium”). Holders whose Notes are accepted for purchase pursuant to the Tender Offer will also receive accrued and unpaid interest on their purchased Notes from the last interest payment date for such Notes to, but excluding, the applicable settlement date.

Title of Security	CUSIP Number	Aggregate Principal Amount Outstanding	Tender Cap	Acceptance Priority Level	Reference U.S. Treasury Security	Bloomberg Reference Page	Fixed Spread (basis points)	Reference Yield	Total Consideration ⁽¹⁾⁽²⁾
5.250% Notes due 2017	65473QAQ6	\$450,000,000	\$275,000,000	1	1.000% U.S. Treasury due September 15, 2017	FIT5	25 bps	0.742%	\$ 1,097.50
6.400% Notes due 2018	65473QAS2	\$800,000,000	\$300,000,000	2	1.000% U.S. Treasury due March 15, 2018	FIT5	30 bps	0.910%	\$ 1,143.55
4.450% Notes due 2021	65473QAY9	\$250,000,000	N/A	3	1.375% U.S. Treasury due April 30, 2020	FIT1	90 bps	1.533%	\$ 1,116.89
3.850% Notes due 2023	65473QBA0	\$250,000,000	N/A	4	2.000% U.S. Treasury due February 15, 2025	FIT1	60 bps	2.235%	\$ 1,068.05

(1) Per \$1,000 principal amount of Notes. Includes the Early Tender Premium.

(2) In addition, holders will receive accrued and unpaid interest to the settlement date.

The Tender Offer will expire at 11:59 p.m., Eastern time, on June 2, 2015, unless extended (such date and time, as the same may be extended, the “Expiration Time”). Holders of Notes must have validly tendered and not validly withdrawn their Notes on or before 5:00 p.m., Eastern time, on May 18, 2015 (the “Early Tender Deadline”) to be eligible to receive the Early Tender Premium for their tendered Notes. After such time, the Notes may not be withdrawn except in certain limited circumstances where additional withdrawal rights are required by law. Assuming the Tender Offer is not extended and the conditions to the Tender Offer are satisfied or waived, NiSource expects that settlement for Notes validly tendered and not validly withdrawn on or before the Early Tender Deadline and accepted for purchase will be on May 19, 2015.

NiSource Finance's obligation to accept for purchase, and to pay for, any Notes validly tendered (and not validly withdrawn) and accepted for purchase pursuant to the Tender Offer is conditioned upon the satisfaction or waiver of the conditions described in the Offer to Purchase under the heading "Terms of the Tender Offer—Conditions to the Tender Offer."

This press release is neither an offer to purchase nor a solicitation of an offer to sell securities. No offer, solicitation, purchase or sale will be made in any jurisdiction in which such offer, solicitation, or sale would be unlawful. The Tender Offer is being made solely pursuant to terms and conditions set forth in the Offer to Purchase. This press release is being issued pursuant to and in accordance with Rule 134 under the Securities Act of 1933, as amended.

Goldman, Sachs & Co. and Morgan Stanley & Co. LLC are serving as Dealer Managers for the Tender Offer. Questions regarding the Tender Offer may be directed to Goldman, Sachs & Co. at (800) 828-3182 (toll free) or (212) 902-6941 (collect) or to Morgan Stanley & Co. LLC at (800) 624-1808 (toll free) or (212) 761-1057 (collect). Requests for the Offer to Purchase or the documents incorporated by reference therein may be directed to Global Bondholder Services Corporation, which is acting as Tender and Information Agent for the Tender Offer, at the following telephone numbers: banks and brokers, (212) 430-3774; all others toll free at (866) 470-4500.

About NiSource

NiSource Inc. (NYSE: NI), based in Merrillville, Ind., is a Fortune 500 company engaged in natural gas transmission, storage and distribution, as well as electric generation, transmission and distribution. NiSource operating companies deliver energy to 3.8 million customers located within the high-demand energy corridor stretching from the Gulf Coast through the Midwest to New England. Information about NiSource and its subsidiaries is available via the Internet at www.nisource.com. NI-F

Forward-Looking Statements

This release contains forward-looking statements within the meaning of the federal securities laws. Those statements include statements regarding the intent, plans, belief or current expectation of NiSource and its management. Although NiSource believes that its expectations are based on reasonable assumptions, it can give no assurance that its goals will be achieved. Readers are cautioned that the forward-looking statements in this release are not guarantees of future performance and involve a number of risks and uncertainties and that actual results could differ materially from those indicated by such forward-looking statements. Important factors that could cause actual results to differ materially from those indicated by such forward-looking statements include, among other things, weather, fluctuations in supply and demand for energy commodities, growth opportunities for NiSource's businesses, increased competition in deregulated energy markets, the success of regulatory and commercial initiatives, dealings with third parties over whom NiSource has no control, actual operating experience of NiSource's assets, the regulatory process, regulatory and legislative changes, the impact of potential new environmental laws or regulations, the results of material litigation, changes in pension funding requirements, changes in general economic, capital and commodity market conditions, counterparty credit risk, the timing to consummate the proposed separation of Columbia Pipeline Group (the "Proposed Separation"); the risk that a condition to the Proposed Separation is not satisfied; disruption to operations as a result of the Proposed Separation, the inability of one or more of NiSource's businesses to operate independently following the completion of the Proposed Separation and the matters set forth in the "Risk Factors" section of NiSource's Annual Report on Form 10-K for the fiscal year ended December 31, 2014, many of which

are beyond NiSource's control. In addition, the relative contributions to profitability by each segment, and the assumptions underlying the forward-looking statements relating thereto, may change over time. NiSource expressly disclaims a duty to update any of the forward looking statements contained in this release.



**NiSource Announces Early Tender Results for Tender Offer,
Increases Tender Cap for Priority 2 Notes**

MERRILLVILLE, Ind. - May 19, 2015 – NiSource Inc. (NYSE: NI) announced today the early tender results as of 5:00 p.m., Eastern time, May 18, 2015 (the “Early Tender Deadline”) for the previously announced cash tender offer (the “Tender Offer”) made by its finance subsidiary, NiSource Finance Corp., for up to a combined aggregate principal amount of \$750,000,000 of its 5.250% Notes due 2017, 6.400% Notes due 2018, 4.450% Notes due 2021, and 3.850% Notes due 2023 (the “Notes”). The consideration to be paid in the tender offer for each series of Notes was previously announced by separate release yesterday (the “pricing release”).

The principal amount of each series of Notes that were validly tendered and not validly withdrawn in the Tender Offer as of the Early Tender Deadline is set forth in the table below. NiSource Finance has amended the terms of the Tender Offer to increase the Tender Cap for the Priority 2 Notes from \$300,000,000 to \$323,973,000, and, as a result, no Priority 4 Notes will be accepted for purchase. All other terms of the Tender Offer, as previously announced, remain unchanged.

Title of Security	CUSIP Number	Aggregate Principal Amount Outstanding	Tender Cap	Acceptance Priority Level	Principal Amount Tendered	Principal Amount Accepted	Total Consideration ⁽¹⁾⁽²⁾
5.250% Notes due 2017	65473QAQ6	\$450,000,000	\$275,000,000	1	\$ 239,579,000	\$ 239,579,000	\$ 1,097.50
6.400% Notes due 2018	65473QAS2	\$800,000,000	\$323,973,000	2	\$ 538,270,000	\$ 323,973,000	\$ 1,143.55
4.450% Notes due 2021	65473QAY9	\$250,000,000	N/A	3	\$ 186,448,000	\$ 186,448,000	\$ 1,116.89
3.850% Notes due 2023	65473QBA0	\$250,000,000	N/A	4	\$ 195,463,000	\$ 0	\$ 1,068.05

(1) Per \$1,000 principal amount of Notes. Includes the Early Tender Premium of \$30.00 per \$1,000 principal amount.

(2) In addition, holders will receive accrued and unpaid interest to the settlement date.

The settlement for the Notes validly tendered and not withdrawn on or before the Early Tender Deadline and accepted for purchase by NiSource Finance is expected to take place on May 19, 2015. Holders whose Notes were accepted for purchase will receive the consideration described in the pricing release. The principal amount of each series of Notes that is purchased on the settlement date will be determined in accordance with the acceptance priority levels, the applicable tender caps and the proration procedures described in the Offer to Purchase.

The Tender Offer is scheduled to expire at 11:59 p.m., Eastern time, June 2, 2015, unless extended (the “Expiration Time”). However, as NiSource Finance intends, subject to the terms and conditions of the Tender Offer, to accept for purchase the maximum amount of Notes on the settlement date, further tenders of Notes prior to the Expiration Time will not be accepted for purchase. The Tender Offer is not conditioned upon any minimum amount of Notes being tendered, and the Tender Offer may be amended, extended, terminated or withdrawn in whole or with respect to one or more series of Notes.

NiSource Finance's obligation to accept for purchase, and to pay for, any Notes validly tendered (and not validly withdrawn) and accepted for purchase pursuant to the Tender Offer is conditioned upon the satisfaction or waiver of the conditions described in the Offer to Purchase under the heading "Terms of the Tender Offer—Conditions to the Tender Offer."

This press release is neither an offer to purchase nor a solicitation of an offer to sell securities. No offer, solicitation, purchase or sale will be made in any jurisdiction in which such offer, solicitation, or sale would be unlawful. The Tender Offer is being made solely pursuant to terms and conditions set forth in the Offer to Purchase. This press release is being issued pursuant to and in accordance with Rule 134 under the Securities Act of 1933, as amended.

Goldman, Sachs & Co. and Morgan Stanley & Co. LLC are serving as Dealer Managers for the Tender Offer. Questions regarding the Tender Offer may be directed to Goldman, Sachs & Co. at (800) 828-3182 (toll free) or (212) 902-6941 (collect) or to Morgan Stanley & Co. LLC at (800) 624-1808 (toll free) or (212) 761-1057 (collect). Requests for the Offer to Purchase or the documents incorporated by reference therein may be directed to Global Bondholder Services Corporation, which is acting as Tender and Information Agent for the Tender Offer, at the following telephone numbers: banks and brokers, (212) 430-3774; all others toll free at (866) 470-4500.

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Forward-Looking Statements

This release contains forward-looking statements within the meaning of the federal securities laws. Those statements include statements regarding the intent, plans, belief or current expectation of NiSource and its management. Although NiSource believes that its expectations are based on reasonable assumptions, it can give no assurance that its goals will be achieved. Readers are cautioned that the forward-looking statements in this release are not guarantees of future performance and involve a number of risks and uncertainties and that actual results could differ materially from those indicated by such forward-looking statements. Important factors that could cause actual results to differ materially from those indicated by such forward-looking statements include, among other things, weather, fluctuations in supply and demand for energy commodities, growth opportunities for NiSource's businesses, increased competition in deregulated energy markets, the success of regulatory and commercial initiatives, dealings with third parties over whom NiSource has no control, actual operating experience of NiSource's assets, the regulatory process, regulatory and legislative changes, the impact of potential new environmental laws or regulations, the results of material litigation, changes in pension funding requirements, changes in general economic, capital and commodity market conditions, counterparty credit risk, the timing to consummate the proposed separation of Columbia Pipeline Group (the "Proposed Separation"); the risk that a condition to the Proposed Separation is not satisfied; disruption to operations as a result of the Proposed Separation, the inability of one or more of NiSource's businesses to operate independently following the completion of the Proposed Separation and the matters set forth in the "Risk Factors" section of NiSource's Annual Report on Form 10-K for the fiscal year ended December 31, 2014, many of which are beyond NiSource's control. In addition, the relative contributions to profitability by each segment, and the assumptions underlying the forward-looking statements relating thereto, may change over time. NiSource expressly disclaims a duty to update any of the forward looking statements contained in this release.

NISOURCE INC/DE

FORM 8-K (Current report filing)

Filed 05/22/15 for the Period Ending 05/22/15

Address	801 EAST 86TH AVE MERRILLVILLE, IN 46410-6272
Telephone	2196475200
CIK	0001111711
Symbol	NI
Fiscal Year	12/31

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported): May 22, 2015

NiSource Inc.

(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

001-16189
(Commission
File Number)

35-2108964
(IRS Employer
Identification No.)

801 East 86th Avenue
Merrillville, Indiana
(Address of Principal Executive Offices)

46410
(Zip Code)

Registrant's telephone number, including area code: (877) 647-5990

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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ITEM 1.01 Entry into a Material Definitive Agreement.

On May 22, 2015, Columbia Pipeline Group, Inc. (“CPG”), a wholly owned subsidiary of NiSource Inc. (“NiSource”) (NYSE: NI), closed its previously announced private placement of \$2.75 billion in aggregate principal amount of its senior notes, comprised of \$500 million of 2.45% senior notes due 2018 (the “2018 Notes”), \$750 million of 3.30% senior notes due 2020 (the “2020 Notes”), \$1,000 million of 4.50% senior notes due 2025 (the “2025 Notes”) and \$500 million of 5.80% senior notes due 2045 (the “2045 Notes” and, together with the 2018 Notes, 2020 Notes and 2025 Notes, the “Notes”). The Notes were issued at a discount, for net proceeds of approximately \$2.721 billion after deducting the Initial Purchasers’ discount and estimated offering expenses of CPG. The private placement was completed pursuant to the Purchase Agreement, dated May 19, 2015 (the “Purchase Agreement”), by and among CPG and certain subsidiary guarantors named therein (the “Guarantors”) and J.P. Morgan Securities LLC, Mitsubishi UFJ Securities (USA), Inc. and Scotia Capital (USA) Inc., as representatives of the initial purchasers named therein (the “Initial Purchasers”).

Indenture

The Notes are governed by an Indenture, dated as of May 22, 2015 (the “Indenture”), entered into by CPG and the Guarantors with U.S. Bank National Association, as trustee (the “Trustee”).

The initial Guarantors are three wholly owned subsidiaries of CPG, Columbia Energy Group, CPG OpCo LP and CPG OpCo GP LLC. The Notes are fully and unconditionally guaranteed, jointly and severally, on a senior unsecured basis by all of the Guarantors. Each guarantee of CPG’s obligations under the Notes is a direct, unsecured and unsubordinated obligation of the applicable Guarantor and has the same ranking with respect to indebtedness of that Guarantor as the Notes have with respect to CPG’s indebtedness.

The Notes and the guarantees are (a) unsecured, (b) effectively junior in right of payment to any future secured indebtedness of CPG and the Guarantors, (c) equal in right of payment with any existing and future unsubordinated indebtedness of CPG and the Guarantors, and (d) senior in right of payment to any future subordinated indebtedness of CPG and the Guarantors.

The Indenture contains covenants that, among other things, limit the ability of CPG and certain of its subsidiaries to incur liens, to enter into sale and lease-back transactions and to enter into mergers, consolidations or transfers of all or substantially all of their assets. The Indenture also contains customary events of default.

The 2018 Notes will mature on June 1, 2018, the 2020 Notes will mature on June 1, 2020, the 2025 Notes will mature on June 1, 2025 and the 2045 Notes will mature on June 1, 2045. Interest on the Notes of each series will be payable semi-annually in arrears on June 1 and December 1, commencing on December 1, 2015.

If NiSource does not complete the distribution of all of CPG’s outstanding shares of common stock to NiSource’s stockholders (the “Distribution”) on or prior to October 2, 2015, CPG will be required to redeem all of the Notes of each series at a redemption price equal to 101% of the principal amount of the Notes to be redeemed (the “Mandatory Redemption Price”) plus accrued and unpaid interest to the redemption date. CPG may also redeem all of the Notes of each series at its option at the Mandatory Redemption Price plus accrued and unpaid interest to the redemption date if, prior to October 2, 2015, CPG determines in its sole discretion that the Distribution will not occur on or prior to that date.

Upon the occurrence of certain Change of Control Triggering Events (as defined in the Indenture), each holder of the Notes will have the right to require that CPG purchase all or a portion of such holder’s Notes of such series at a purchase price in cash equal to 101% of the principal amount thereof plus any accrued and unpaid interest to, but not including, the date of purchase.

A copy of the Indenture is filed as Exhibit 4.1 to this Current Report on Form 8-K and is incorporated herein by reference. The foregoing discussion of the Indenture in this report is a summary and is qualified in its entirety by the terms of the Indenture.

The Notes were offered in the United States only to qualified institutional buyers in reliance on the exemption from registration provided by Rule 144A and outside the United States to non-U.S. persons in compliance with Regulation S.

Registration Rights Agreement

In connection with the private placement of the Notes, on May 22, 2015, CPG and the Guarantors entered into a Registration Rights Agreement (the “Registration Rights Agreement”) with the Initial Purchasers, pursuant to which CPG and the Guarantors agreed to file, and use their reasonable best efforts to cause to become effective, an exchange offer registration statement with the Securities and Exchange Commission (the “Commission”) and to consummate an exchange offer within 360 days after the date of issuance of the Notes pursuant to which holders of each series of the Notes can exchange the Notes issued in the offering for registered notes having the same terms as the Notes. Under certain circumstances set forth in the Registration Rights Agreement, in lieu of a registered exchange offer, CPG and the Guarantors must file, and use reasonable best efforts to cause to become effective, a shelf registration statement for the resale of the Notes. If CPG fails to satisfy these obligations on a timely basis, the annual interest borne by the Notes will be increased by up to 0.50% per annum until the exchange offer is completed or the shelf registration statement is declared effective.

A copy of the Registration Rights Agreement is filed as Exhibit 4.2 to this Current Report on Form 8-K and is incorporated herein by reference. The foregoing discussion of the Registration Rights Agreement in this report is a summary and is qualified in its entirety by the terms of the Registration Rights Agreement.

Relationships

The Initial Purchasers and their respective affiliates have in the past performed commercial banking, investment banking, trust and advisory services for us from time to time for which they have received customary fees and reimbursement of expenses and may, from time to time, engage in transactions with and perform services for us in the ordinary course of their business for which they may receive customary fees and reimbursement of expenses. In addition, affiliates of some of the Initial Purchasers are lenders, and in some cases agents for the lenders, under CPG’s credit facility.

ITEM 2.03 Creation of a Direct Financial Obligation.

The information set forth under the heading “Indenture” in Item 1.01 of this Current Report on Form 8-K is incorporated by reference into this Item 2.03 of this Current Report on Form 8-K.

ITEM 9.01 Financial Statements and Exhibits.

(d) Exhibits

<u>Exhibit No.</u>	<u>Description of Exhibit</u>
4.1	Indenture, dated as of May 22, 2015, by and among CPG, the Guarantors and U.S. Bank National Association, as Trustee, governing the Notes.
4.2	Registration Rights Agreement, dated as of May 22, 2015, by and among CPG, the Guarantors and the Initial Purchasers, relating to the Notes.
4.3	Form of 2.45% Senior Note due 2018 (included in Exhibit 4.1).
4.4	Form of 3.30% Senior Note due 2020 (included in Exhibit 4.1).
4.5	Form of 4.50% Senior Note due 2025 (included in Exhibit 4.1).
4.6	Form of 5.80% Senior Note due 2045 (included in Exhibit 4.1).

SIGNATURE

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 hereunto duly authorized.

Date: May 22, 2015

NISOURCE INC.

By: /s/ David J. Vajda

Name: David J. Vajda

Title: Vice President, Treasurer and Chief Risk Officer

EXHIBIT INDEX

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4.6	Form of 5.80% Senior Note due 2045 (included in Exhibit 4.1).

COLUMBIA PIPELINE GROUP, INC.

as Issuer

and

**CPG OPCO LP, COLUMBIA ENERGY GROUP, and
CPG OPCO GP LLC**

as Guarantors

and

U.S. BANK NATIONAL ASSOCIATION

as Trustee

INDENTURE

Dated as of May 22, 2015

**2.45% Senior Notes due 2018
3.30% Senior Notes due 2020
4.50% Senior Notes due 2025
and
5.80% Senior Notes due 2045**

CROSS-REFERENCE TABLE*

<u>TRUST INDENTURE ACT SECTION</u>	<u>INDENTURE SECTION</u>
310(a)(1)	6.10
(a)(2)	6.10
(a)(3)	N.A.
(a)(4)	N.A.
(a)(5)	6.10
(b)	6.10
(c)	N.A.
311(a)	6.11
(b)	6.11
(c)	N.A.
312(a)	2.05
(b)	11.03
(c)	11.03
313(a)	6.06
(b)(1)	N.A.
(b)(2)	6.06
(c)	6.06, 11.02
(d)	6.06
314(a)(4)	11.05
(b)	N.A.
(c)(1)	N.A.
(c)(2)	N.A.
(c)(3)	N.A.
(d)	N.A.
(e)	11.05
(f)	N.A.
315(a)	N.A.
(b)	N.A.
(c)	N.A.
(d)	N.A.
(e)	N.A.
316(a)(last sentence)	N.A.
(a)(1)(A)	N.A.
(a)(1)(B)	5.04
(a)(2)	N.A.
(b)	N.A.
(c)	N.A.
317(a)(1)	N.A.
(a)(2)	N.A.
(b)	N.A.
318(a)	N.A.
(b)	N.A.
(c)	11.01

N.A. means not applicable.

* This Cross-Reference Table is not part of this Indenture.

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THIS INDENTURE dated as of May 22, 2015, is among Columbia Pipeline Group, Inc., a Delaware corporation (the “Company”), CPG OpCo LP, a Delaware limited partnership (“OpCo”), Columbia Energy Group, a Delaware corporation (“Columbia”), CPG OpCo GP LLC, a Delaware limited liability company (“OpCo GP”), and U.S. Bank National Association, a national banking association, as trustee (the “Trustee”).

Each party agrees as follows for the benefit of the other parties and for the equal and ratable benefit of the Holders of (i) \$500,000,000 in aggregate principal amount of the Company’s 2.45% Senior Notes due 2018 issued on the date hereof (the “Initial 2018 Securities”), (ii) \$750,000,000 in aggregate principal amount of the Company’s 3.30% Senior Notes due 2020 also issued on the date hereof (the “Initial 2020 Securities”), (iii) \$1,000,000,000 in aggregate principal amount of the Company’s 4.50% Senior Notes due 2025 also issued on the date hereof (the “Initial 2025 Securities”), (iv) \$500,000,000 in aggregate principal amount of the Company’s 5.80% Senior Notes due 2045 also issued on the date hereof (the “Initial 2045 Securities” and, together with the Initial 2018 Securities, the Initial 2020 Securities and the Initial 2025 Securities, the “Initial Securities”), (v) any Additional Securities (as defined herein) of the Company issued hereafter and (vi) the Exchange Securities (as hereinafter defined) of the Company, if and when issued in exchange for the Initial Securities or any Additional Securities as provided in a Registration Rights Agreement (as hereinafter defined):

ARTICLE I DEFINITIONS AND INCORPORATION BY REFERENCE

SECTION 1.01. *Definitions*

“2018 Notes” means any of the Company’s 2.45% Senior Notes due 2018 issued under this Indenture. The Initial 2018 Securities, the Exchange Securities of such series and any Additional Securities of that series shall be treated as a single class for all purposes under this Indenture, including, without limitation, waivers, amendments, redemptions and offers to purchase and unless otherwise provided or the context otherwise requires, all references to the “2018 Notes” shall include the Initial 2018 Securities, the Exchange Securities and any Additional Securities of that series.

“2020 Notes” means any of the Company’s 3.30% Senior Notes due 2020 issued under this Indenture. The Initial 2020 Securities, the Exchange Securities of such series and any Additional Securities of that series shall be treated as a single class for all purposes under this Indenture, including, without limitation, waivers, amendments, redemptions and offers to purchase and unless otherwise provided or the context otherwise requires, all references to the “2020 Notes” shall include the Initial 2020 Securities, the Exchange Securities and any Additional Securities of that series.

“2025 Notes” means any of the Company’s 4.50% Senior Notes due 2025 issued under this Indenture. The Initial 2025 Securities, the Exchange Securities of such series and any Additional Securities of that series shall be treated as a single class for all purposes under this Indenture, including, without limitation, waivers, amendments, redemptions and offers to purchase and unless otherwise provided or the context otherwise requires, all references to the “2025 Notes” shall include the Initial 2025 Securities, the Exchange Securities and any Additional Securities of that series.

“2045 Notes” means any of the Company’s 5.80% Senior Notes due 2045 issued under this Indenture. The Initial 2045 Securities, the Exchange Securities of such series and any Additional Securities of that series shall be treated as a single class for all purposes under this Indenture, including, without limitation, waivers, amendments, redemptions and offers to purchase and unless otherwise provided or the context otherwise requires, all references to the “2045 Notes” shall include the Initial 2045 Securities, the Exchange Securities and any Additional Securities of that series.

“Additional Interest” means, with respect to any Securities, the additional or special interest thereon, if any, required by the Registration Rights Agreement applicable to such Securities.

“Additional Securities” means, with respect to each series of Securities, any Securities of that series (other than the Initial Securities or the Exchange Securities of that series) issued under this Indenture in accordance with Section 2.02, as part of the same series as such Initial Securities to the extent outstanding and any such Exchange Securities then outstanding.

“Affiliate” of any specified Person means any other Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, such specified Person. For purposes of this definition, “control” of a Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms “controlling” and “controlled” shall have meanings correlative to the foregoing. The Trustee may request and may conclusively rely upon an Officer’s Certificate to determine whether any Person is an Affiliate of any specified Person.

“Agent” means any Registrar or Paying Agent.

“Applicable Procedures” means, with respect to any transfer or exchange of or for beneficial interests in any Global Security or any selection of Securities for redemption, the rules and procedures of the Depository, Euroclear or Clearstream that apply to such transaction.

“Attributable Debt” means, with respect to any Sale and Lease-Back Transaction as of any particular time, the present value discounted at the rate of interest implicit in the terms of the lease of the obligations of the lessee under such lease for net rental payments during the remaining term of the lease.

“Bankruptcy Law” means Title 11, U.S. Code or any similar U.S. or State law or any similar foreign law for the relief of debtors.

“Board of Directors” of any Person means the board of directors, board of managers or other comparable governing body of such Person or any committee thereof or committee of officers duly authorized, with respect to any particular matter, to act by or on behalf of the board of directors of such Person.

“Business Day” means any day that is not a Legal Holiday.

“Capital Stock” means (i) in the case of a corporation or a company, corporate stock or shares; (ii) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock; (iii) in the case of a partnership or limited liability company, partnership or membership interests (whether general or limited); and (iv) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person.

“Clearstream” means Clearstream Banking, société anonyme or any successor securities clearing agency.

“Code” means the Internal Revenue Code of 1986, as amended, and any successor statute.

“Company” means the Person named as the “Company” in the first paragraph of this instrument until a successor Person shall have become such pursuant to the applicable provisions of this Indenture, and thereafter “Company” shall mean such successor Person.

“Consolidated Net Tangible Assets” means at any date of determination, the total amount of consolidated assets of the Company and its Subsidiaries after deducting therefrom (a) all current liabilities (excluding (i) any current liabilities that by their terms are extendable or renewable at the option of the obligor thereon to a time more than twelve months after the time as of which the amount thereof is being computed and (ii) current maturities of long-term debt), and (b) the value (net of any applicable reserves) of all goodwill, trade names, trademarks, patents and other like intangible assets, all as set forth, or on a pro forma basis would be set forth, on the consolidated balance sheet of the Company and its Subsidiaries for the most recently completed fiscal quarter or fiscal year, as applicable, prepared in accordance with GAAP.

“Corporate Trust Office of the Trustee” means with respect to the Trustee, the office at which this Indenture shall be principally administered, which office shall initially be located at the address of the Trustee specified in Section 11.02 (except with respect to payments on the Securities and any exchange, transfer or surrender of the Securities, in which case the address will be U.S. Bank National Association, 111 Filmore Avenue E., St. Paul, Minnesota 55107, Attention: Bond Drop Window, or, at 100 Wall Street, Suite 1600, New York, New York 10005) and may be located at such other address as the Trustee may give notice to the Company in accordance with Section 11.02, the Holders or such other address as a successor Trustee may designate from time to time by notice to the Company and the Holders.

“Credit Agreement” means a \$1,500 million senior revolving credit agreement among the Company, the Guarantors and the lenders party thereto that will become effective as of the Separation.

“Custodian” means any receiver, trustee, assignee, liquidator or similar official under any Bankruptcy Law.

“Debt” of any Person means any obligation created or assumed for the repayment of borrowed money and any guarantee thereof.

“Default” means any event, act or condition that is, or after notice or the passage of time or both would be, an Event of Default.

“Definitive Security” means a certificated Security registered in the name of the Holder thereof and issued in accordance with Section 2.06, substantially in the form of Exhibit A1 hereto, in the case of the 2018 Notes, Exhibit A2 hereto, in the case of the 2020 Notes, Exhibit A3 hereto, in the case of the 2025 Notes, or Exhibit A4 hereto, in the case of the 2045 Notes, except that such Security shall not bear the Global Security Legend and shall not have the “Schedule of Exchanges of Securities” attached thereto.

“Depository” means The Depository Trust Company and its successors.

“Euroclear” means Euroclear Bank N.V./S.A. or any successor securities clearance agency.

“Exchange Act” means the Securities Exchange Act of 1934, as amended, and any successor statute.

“Exchange Offer Registration Statement” means the registration statement of the Company relating to any offer to exchange Exchange Securities of any series for either Initial Securities or Additional Securities of such series pursuant to a Registration Rights Agreement.

“Exchange Securities” means Securities of any series issued in an exchange offer for Initial Securities or Additional Securities of such series in accordance with a Registration Rights Agreement.

“Exchanging Dealer” means a broker-dealer that exchanges Securities in a Registered Exchange Offer that it has acquired for its own account as a result of market making activities or other trading activities.

“Fitch” means Fitch Inc., a subsidiary of Fimalac, S.A., and its successors.

“Funded Debt” means all Debt maturing one year or more from the date of the creation thereof, all Debt directly or indirectly renewable or extendible, at the option of the debtor, by its terms or by the terms of any instrument or agreement relating thereto, to a date one year or more from the date of the creation thereof, and all Debt under a revolving credit or similar agreement obligating the lender or lenders to extend credit over a period of one year or more.

“GAAP” means generally accepted accounting principles in the United States of America, as in effect from time to time.

“Global Securities” means, individually and collectively, each of the Restricted Global Securities and the Unrestricted Global Securities.

“Global Security Legend” means the legend set forth in Section 2.06(g)(2) which is required to be placed on all Global Securities issued under this Indenture.

“Guarantor” means each of OpCo, Columbia and OpCo GP and any other Person that becomes a Guarantor of the Securities pursuant to Section 3.08, in each case until released from its obligations under its Guarantee in accordance with Section 9.03; and “Guarantors” means OpCo, Columbia, OpCo GP and any other such Person, collectively.

“Holder” means a Person in whose name a Security is registered on the Registrar’s books.

“Indenture” means this Indenture as amended or supplemented from time to time.

“Indirect Participant” means a Person who holds a beneficial interest in a Global Security through a Participant.

“Initial Purchasers” means J.P. Morgan Securities LLC, Mitsubishi UFJ Securities (USA), Inc. and Scotia Capital (USA) Inc. and the other initial purchasers named in the Purchase Agreement, as initial purchasers of each series of the Initial Securities in the Offering.

“Interest Payment Date” has the meaning assigned to such term in the Securities.

“Investment Grade” means a rating of Baa3 or better by Moody’s (or its equivalent under any successor rating category of Moody’s); a rating of BBB- or better by S&P (or its equivalent under any successor rating category of S&P); a rating of BBB- or better by Fitch (or its equivalent under any successor rating category of Fitch); and the equivalent investment grade rating from any replacement Rating Agency or Agencies appointed by the Company.

“Issue Date” means the first date on which the Securities are issued under this Indenture.

“Legal Holiday” means a Saturday, a Sunday or a day on which banking institutions in any of New York, New York, Houston, Texas or a place of payment are authorized or obligated by law, regulation or executive order to remain closed.

“Letter of Transmittal” means the letter of transmittal prepared by the Company and sent to all Holders of Initial or Additional Securities, as the case may be, for use by such Holders in connection with a Registered Exchange Offer.

“Lien” means, with respect to any asset, any mortgage, lien, security interest, pledge, charge or other encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law.

“Maturity,” when used with respect to any Security, means the date on which the principal of such Security or an installment of principal becomes due and payable as therein or herein provided, whether at the Stated Maturity, by declaration of acceleration, call for redemption or otherwise.

“Moody’s” means Moody’s Investors Service, Inc., a subsidiary of Moody’s Corporation, and its successors.

“Non-U.S. Person” means a Person who is not a U.S. Person.

“Offering” means the offering of each series of the Initial Securities pursuant to the Offering Memorandum.

“Offering Memorandum” means the final Offering Memorandum of the Company, dated May 19, 2015, relating to the Offering.

“Officer” means the Chairman of the Board, the Chief Executive Officer, the President, any Vice Chairman of the Board, any Vice President, the Chief Financial Officer, the Chief Accounting Officer, the Treasurer, any Assistant Treasurer, the Controller, the Secretary or any Assistant Secretary of a Person.

“Officer’s Certificate” means a certificate signed by an Officer of a Person that complies with Sections 11.04 and 11.05 of this Indenture and is delivered to the Trustee.

“144A Global Security” means, with respect to each series of Securities, a Global Security substantially in the form of Exhibit A1 hereto, in the case of the 2018 Notes, Exhibit A2 hereto, in the case of the 2020 Notes, Exhibit A3 hereto, in the case of the 2025 Notes, or Exhibit A4 hereto, in the case of the 2045 Notes, bearing the Global Security Legend and the Private Placement Legend, that has the Schedule of Exchanges of Interests in the Global Security attached thereto, and that is deposited with the Securities Custodian, and registered in the name of, the Depository or its nominee, issued in a denomination equal to the outstanding principal amount of the Securities of that series initially sold in reliance on Rule 144A.

“Opinion of Counsel” means a written opinion from legal counsel who is acceptable to the Trustee and that complies with Sections 11.04 and 11.05 of this Indenture. Such counsel may be an employee of or counsel to the Company, the Guarantors or the Trustee.

“Participant” means, with respect to the Depository, Euroclear or Clearstream, a Person who has an account with the Depository, Euroclear or Clearstream, respectively (and, with respect to DTC, shall include Euroclear and Clearstream).

“Person” means any individual, corporation, limited liability company, limited or general partnership, joint venture, incorporated or unincorporated association, joint-stock company, trust, unincorporated organization or government or other agency or political subdivision thereof or other entity of any kind.

“Principal Property” means, whether currently owned or leased or subsequently acquired, any pipeline, gathering system, terminal, storage facility, processing plant or other plant or facility located in the United States of America or any territory or political subdivision thereof owned or leased by the Company or any of the its Subsidiaries and used in transporting, distributing, terminalling, gathering, treating, processing, marketing or storing natural gas, natural gas liquids or other hydrocarbons, except (a) any property or asset consisting of inventories, furniture, office fixtures and equipment (including data processing equipment),

vehicles and equipment used on, or useful with, vehicles (but excluding vehicles that generate transportation revenues) and (2) any such pipeline or other plant or facility that, in the good faith opinion of Board of Directors of the Company, as evidenced by resolutions of Board of Directors of the Company, is not material in relation to the activities of the Company and its Subsidiaries, taken as a whole.

“Principal Subsidiary” means any Subsidiary of the Company that owns or leases, directly or indirectly, a Principal Property.

“Private Placement Legend” means the legend set forth in Section 2.06(g)(1)(A) which is required to be placed on all Securities issued under this Indenture except where otherwise permitted by the provisions of this Indenture.

“Purchase Agreement” means the Purchase Agreement, dated May 19, 2015, among the Company, the Guarantors and the Initial Purchasers.

“QIB” means a “qualified institutional buyer” as defined in Rule 144A.

“Rating Agency” means each of Moody’s, S&P and Fitch; *provided*, that if any of Moody’s, S&P and Fitch ceases to rate the Securities or fails to make a rating of the Securities publicly available, the Company shall appoint a replacement for such Rating Agency that is a “nationally recognized statistical rating organization” within the meaning of such term under the Exchange Act.

“Redemption Date,” when used with respect to any Security to be redeemed, means the date fixed for such redemption by or pursuant to this Indenture.

“Redemption Price” means the price at which the Securities of a series may be redeemed, as set forth in paragraph 4 of the form of such Securities.

“Registered Exchange Offer” means an offer to exchange Exchange Securities of each series for either Initial Securities or Additional Securities of such series pursuant to an Exchange Offer Registration Statement as required by a Registration Rights Agreement.

“Registration Rights Agreement” means, with respect to each series of the Initial Securities, the Registration Rights Agreement, dated as of the Issue Date, among the Company, the Guarantors and the Initial Purchasers, or any similar registration rights agreement with respect to Additional Securities of each series.

“Regulation S” means Regulation S promulgated under the Securities Act, as such may be amended from time to time, or any similar rule or regulation hereafter adopted by the SEC.

“Regulation S Global Security” means a Regulation S Permanent Global Security or a Regulation S Temporary Global Security.

“Regulation S Permanent Global Security” means, with respect to each series of Securities, a permanent Global Security substantially in the form of Exhibit A1 hereto, in the case of the 2018 Notes, Exhibit A2 hereto, in the case of the 2020 Notes, Exhibit A3, in the case

of the 2025 Notes, or Exhibit A4 hereto, in the case of the 2045 Notes, bearing the Global Security Legend and the Private Placement Legend, that has the Schedule of Exchanges of Interests in the Global Security attached thereto, and that is deposited with the Securities Custodian, and registered in the name of the Depository or its nominee, issued in a denomination equal to the outstanding principal amount of the Regulation S Temporary Global Security for that series upon expiration of the Restricted Period.

“Regulation S Temporary Global Security” means, with respect to each series of Securities, a temporary Global Security substantially in the form of Exhibit A1 hereto, in the case of the 2018 Notes, Exhibit A2 hereto, in the case of the 2020 Notes, Exhibit A3, in the case of the 2025 Notes, or Exhibit A4 hereto, in the case of the 2045 Notes, bearing the Global Security Legend, the Private Placement Legend and the legend set forth in Section 2.06(g)(3), that has the Schedule of Exchanges of Interests in the Global Security attached thereto, and that is deposited with the Securities Custodian, and registered in the name of the Depository or its nominee, issued in a denomination equal to the outstanding principal amount of the Securities of that series initially sold in reliance on Rule 903 of Regulation S.

“Resale Restriction Termination Date” means (x) in the case of Securities sold pursuant to Rule 144A, the date which is one year (or such other date when resales of securities by non-affiliates are first permitted under Rule 144(d) without condition) after the later of the date of the original issue of the Securities or the date of any subsequent reopening of the Securities and the last date on which the Company or any of its affiliates were the owner of such Securities (or any predecessor thereto) or, in the case of Securities sold pursuant to Regulation S, 40 days or (y) in any case, such later date, if any, as may be required by applicable law.

“Responsible Officer” means, when used with respect to the Trustee, any officer assigned by the Trustee to administer corporate trust matters or to whom any corporate trust matter is referred because of such person’s knowledge of and familiarity with the particular subject and who shall have direct responsibility for the administration of this Indenture.

“Restricted Definitive Security” means a Definitive Security bearing the Private Placement Legend.

“Restricted Global Security” means a Regulation S Global Security or a 144A Global Security.

“Restricted Period” means the “distribution compliance period” as defined in Regulation S.

“Rule 144” means Rule 144 promulgated under the Securities Act, as such Rule may be amended from time to time, or any similar rule (other than Rule 144A) or regulation hereafter adopted by the SEC providing for offers and sales of securities made in compliance therewith resulting in offers and sales by subsequent holders that are not affiliates of the issuer of such securities being free of the registration and prospectus delivery requirements of the Securities Act.

“Rule 144A” means Rule 144A promulgated under the Securities Act, as such Rule may be amended from time to time, or any similar rule (other than Rule 144) or regulation hereafter adopted by the SEC.

“Rule 903” means Rule 903 promulgated under the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the SEC.

“Rule 904” means Rule 904 promulgated under the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the SEC.

“S&P” means Standard & Poor’s Financial Services LLC, a subsidiary of The McGraw-Hill Companies, Inc., and its successors.

“Sale and Lease-Back Transaction” means the sale or transfer by the Company or any Principal Subsidiary of any Principal Property to a Person (other than to the Company or a Principal Subsidiary) and the taking back by the Company or any Principal Subsidiary, as the case may be, of a lease of such Principal Property.

“SEC” means the Securities and Exchange Commission.

“Securities” means any 2018 Notes, 2020 Notes, 2025 Notes and 2045 Notes issued under this Indenture.

“Securities Act” means the Securities Act of 1933, as amended, and any successor statute.

“Securities Custodian” means the Trustee, acting as custodian on behalf of the Depositary with respect to the Securities in global form, or any successor entity thereto.

“Separation” means the transactions in which the Company will become an independent, publicly traded company, including the Spin Off Distribution.

“Shelf Registration Statement” means a registration statement of the Company used by a Holder in connection with its offer and sale of Securities pursuant to a Registration Rights Agreement.

“Special Mandatory Redemption” means a redemption of all of the Securities in accordance with Section 10.09.

“Spin Off Distribution” means the distribution by NiSource Inc. of shares of the Company’s common stock to shareholders of NiSource Inc.

“Stated Maturity” means, with respect to any Security, the date specified in such Security as the fixed date on which the principal of such Security is due and payable.

“Subsidiary” of any Person means: (a) any corporation, association or other business entity (other than a partnership) of which more than 50% of the total voting power of equity interests entitled, without regard to the occurrence of any contingency, to vote in the election of

directors, managers, trustees or equivalent Persons thereof, is at the time of determination owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of such Person or a combination thereof; or (b) in the case of a partnership, more than 50% of the partners' equity interests, considering all partners' equity interests as a single class, is at such time of determination owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of such Person or a combination thereof.

"Taxes" means any tax, duty, levy, impost, assessment or other governmental charge of whatever nature imposed or levied by an authority or agency therein or thereof having the power to tax, including any interest, penalties or other charges in respect thereof.

"TIA" or "Trust Indenture Act" means the Trust Indenture Act of 1939, as amended (15 U.S.C. Sections 77aaa-77bbbb), as in effect on the Issue Date, except as provided in Section 8.03.

"Trustee" means the Person named as the "Trustee" in the first paragraph of this Indenture until a successor Person shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Trustee" shall mean the successor serving hereunder.

"U.S. Government Obligations" means direct obligations (or certificates representing an ownership interest in such obligations) of the United States of America for the payment of which the full faith and credit of the United States of America is pledged.

"U.S. Person" means a "U.S. person" as defined in Rule 902(k) under the Securities Act.

"Unrestricted Definitive Security" means a Definitive Security that does not bear and is not required to bear the Private Placement Legend.

"Unrestricted Global Security" means, with respect to any series of Securities, a permanent Global Security substantially in the form of Exhibit A1 hereto, in the case of the 2018 Notes, Exhibit A2 hereto, in the case of the 2020 Notes, Exhibit A3 hereto, in the case of the 2025 Notes, or Exhibit A4 hereto, in the case of the 2045 Notes, that bears the Global Security Legend and that has the "Schedule of Exchanges of Securities" attached thereto and that is deposited with the Securities Custodian and registered in the name of the Depository or its nominee, representing Securities that do not bear the Private Placement Legend.

"Voting Stock" of any specified Person as of any date means the Capital Stock of such Person that is at the time entitled to vote generally in the election of the Board of Directors of such Person.

SECTION 1.02. *Other Definitions* .

<u>Term</u>	<u>Defined in</u>
"Authorized Agent"	11.10
"Change of Control"	3.10
"Change of Control Offer"	3.10

Term	Defined in Section
“Change of Control Payment Date”	3.10
“Change of Control Triggering Event”	3.10
“Covenant Defeasance”	7.01(c)
“DTC”	2.03
“Event of Default”	5.01
“Guarantees”	9.01(a)
“Indenture Obligations”	9.01(a)
“Initial Securities”	Preamble
“Mandatory Redemption Price”	10.09(a)
“mortgage” or “mortgages”	3.07
“Paying Agent”	2.03
“Registrar”	2.03
“Related Proceedings”	11.10
“Specified Courts”	11.10
“Trigger Period”	3.10
“USA Patriot Act”	11.15

SECTION 1.03. *Incorporation by Reference of Trust Indenture Act.*

Whenever this Indenture refers to a provision of the TIA, such provision is incorporated by reference in and made a part of this Indenture. The following TIA terms used in this Indenture have the following meanings:

“commission” means the SEC;

“indenture securities” means the Securities;

“indenture security holder” means a Holder;

“indenture to be qualified” means this Indenture;

“indenture trustee” or “institutional trustee” means the Trustee; and

“obligor” on the indenture securities means the Company and each Guarantor.

All other terms used in this Indenture, and not otherwise defined herein, that are defined by the TIA, defined by a TIA reference to another statute or defined by an SEC rule under the TIA have the meanings so assigned to them. All references in this Indenture to “Sections” or “Articles” are to Sections or Articles, as applicable, of this Indenture, unless otherwise expressly indicated.

SECTION 1.04. *Rules of Construction* . Unless the context otherwise requires: (1) a term has the meaning assigned to it; (2) an accounting term not otherwise defined has the meaning assigned to it in accordance with GAAP; (3) “or” is not exclusive; (4) words in the singular include the plural, and in the plural include the singular; (5) words implying any gender shall apply to all genders; (6) the term “merger” includes a statutory compulsory share exchange and a conversion of a corporation into a limited liability company, a partnership or other entity and vice versa and (7) provisions apply to successive events and transactions.

ARTICLE II
THE SECURITIES

SECTION 2.01. *Form and Dating* .

(a) *General* . The Securities, any notations thereon relating to the Guarantees and the Trustee's certificate of authentication shall be substantially in the form of Exhibit A1 hereto, in the case of the 2018 Notes, Exhibit A2 hereto, in the case of the 2020 Notes, Exhibit A3 hereto in the case of the 2025 Notes, or Exhibit A4 hereto, in the case of the 2045 Notes, the terms of which are hereby incorporated into this Indenture. The Securities may have notations, legends or endorsements required by law, securities exchange rule, the Company's certificate of incorporation, bylaws, agreements to which the Company is subject, if any, or usage, *provided* that any such notation, legend or endorsement is in a form acceptable to the Company. Each Security shall be dated the date of its authentication. The Securities shall be in registered form without coupons and issued only in minimum denominations of \$2,000 and integral multiples of \$1,000 in excess thereof. The terms and provisions contained in the Securities shall constitute, and are hereby expressly made, a part of this Indenture and, to the extent applicable, the Company, the Guarantors, and the Trustee, by their execution and delivery of this Indenture, expressly agree to such terms and provisions and to be bound thereby. However, to the extent any provision of any Security conflicts with the express provisions of this Indenture, the provisions of this Indenture (to the extent permitted by law) shall govern and be controlling.

(b) *Global Securities* . Securities issued in global form shall be substantially in the form of Exhibit A1 hereto, in the case of the 2018 Notes, Exhibit A2 hereto, in the case of the 2020 Notes, Exhibit A3 hereto, in the case of the 2025 Notes, or Exhibit A4 hereto, in the case of the 2045 Notes (including, in each case, the Global Security Legend thereon and the Schedule of Exchanges of Interests in the Global Security attached thereto). Securities issued in definitive form shall be substantially in the form of Exhibit A1 hereto, in the case of the 2018 Notes, Exhibit A2 hereto, in the case of the 2020 Notes, Exhibit A3 hereto, in the case of the 2025 Notes, or Exhibit A4 hereto, in the case of the 2045 Notes (but without the Global Security Legend thereon and without the Schedule of Exchanges of Interests in the Global Security attached thereto). Each Global Security shall represent such of the outstanding Securities as shall be specified therein, and each shall provide that it shall represent the aggregate principal amount of outstanding Securities from time to time endorsed thereon and that the aggregate principal amount of outstanding Securities represented thereby may from time to time be reduced or increased, as appropriate, to reflect exchanges and redemptions. Any endorsement of a Global Security to reflect the amount of any increase or decrease in the aggregate principal amount of outstanding Securities represented thereby shall be made by the Securities Custodian, in accordance with instructions given by the Holder thereof as required by Section 2.06.

(c) *Regulation S Global Securities* . Any Securities initially offered and sold in reliance on Regulation S shall be issued initially in the form of a Regulation S Temporary Global Security, which shall be deposited on behalf of the purchasers of the Securities represented thereby with the Securities Custodian, and registered in the name of the Depositary or the nominee of the Depositary for the accounts of designated agents holding on behalf of Euroclear or Clearstream, duly executed by the Company and authenticated by the Trustee as hereinafter provided. The Restricted Period will be terminated upon the receipt by the Trustee of

a written certificate from the Depository, together with copies of certificates from Euroclear and Clearstream certifying that they have received certification of non-United States beneficial ownership of 100% of the aggregate principal amount of each Regulation S Temporary Global Note (except to the extent of any beneficial owners thereof who acquired an interest therein during the Restricted Period pursuant to another exemption from registration under the Securities Act and who will take delivery of a beneficial ownership interest in a 144A Global Note, all as contemplated by Section 2.06(b) hereof).

(d) Following the termination of the Restricted Period, beneficial interests in each Regulation S Temporary Global Note will be exchanged for beneficial interests in a Regulation S Permanent Global Note of the same series, pursuant to the Applicable Procedures. Simultaneously with the authentication of each Regulation S Permanent Global Note, the Trustee will cancel the Regulation S Temporary Global Note of the same series. The aggregate principal amount of each Regulation S Temporary Global Note and Regulation S Permanent Global Note may from time to time be increased or decreased by adjustments made on the records of the Trustee and the Depository or its nominee, as the case may be, in connection with transfers of interest as hereinafter provided.

(e) *144A Global Securities* . Any Securities initially offered and sold in reliance on Rule 144A shall be issued initially in the form of a 144A Global Security, which shall be deposited on behalf of the purchasers of the Securities represented thereby with the Securities Custodian, and registered in the name of the Depository or the nominee of the Depository, duly executed by the Company and authenticated by the Trustee as hereinafter provided.

(f) *Definitive Securities* . Notwithstanding any other provision of this Article II, any issuance of Definitive Securities shall be at the Company's discretion, except in the specific circumstances set forth in Section 2.06(a).

(g) *Euroclear and Clearstream Procedures Applicable* . The provisions of the "Operating Procedures of the Euroclear System" and "Terms and Conditions Governing Use of Euroclear" and the "General Terms and Conditions" of Clearstream and "Customer Handbook" at Clearstream shall be applicable to transfers of beneficial interests in the Regulation S Global Securities that are held by Participants through Euroclear or Clearstream.

SECTION 2.02. Execution and Authentication . An Officer of the Company shall sign the Securities on behalf of the Company by manual or facsimile signature. The Company's seal may be (but shall not be required to be) impressed, affixed, imprinted or reproduced on the Securities and may be in facsimile form.

If an Officer of the Company whose signature is on this Indenture or a Security no longer holds that office at the time the Trustee authenticates such Security or at any time thereafter, the Security shall be valid nevertheless.

A Security shall not be entitled to any benefit under this Indenture or be valid or obligatory for any purpose until authenticated by the manual signature of an authorized signatory of the Trustee or an authenticating agent, as the case may be, which signature shall be conclusive evidence that the Security has been authenticated under this Indenture.

The Trustee shall authenticate and deliver: (1) on the date hereof, Initial 2018 Securities for original issue in an aggregate principal amount of \$500,000,000, Initial 2020 Securities for original issue in an aggregate principal amount of \$750,000,000, Initial 2025 Securities for original issue in an aggregate principal amount of \$1,000,000,000, and Initial 2045 Securities for original issue in an aggregate principal amount of \$500,000,000, (2) if and when issued, Additional Securities of each series (which may be issued in either a registered or a private offering under the Securities Act) and (3) Exchange Securities of each series for issue only in an exchange offer pursuant to a Registration Rights Agreement, and only in exchange for Initial Securities or Additional Securities of the same series and in an equal principal amount, in each case upon a written order of the Company signed by an Officer of the Company. Such order shall specify the amount and series of the Securities to be authenticated and the date on which the issue of such Securities is to be authenticated and whether the Securities are to be in global or definitive form and whether they are to bear the Private Placement Legend. The Company may issue Additional Securities of each series under this Indenture subsequent to the Issue Date, *provided* that no Additional Securities may be issued at a price that would cause such Additional Securities to have “original issue discount” within the meaning of Section 1273 of the Code. In authenticating such Securities, the Trustee shall receive, and shall be entitled to conclusively rely upon, an Opinion of Counsel substantially to the effect that such Securities and the related Guarantees, when authenticated and delivered by the Trustee and issued by the Company and the Guarantors, respectively, in the manner and subject to any conditions specified in such Opinion of Counsel, will constitute valid and legally binding obligations of the Company and the Guarantors, as the case may be, enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors’ rights and to general equity principles.

The aggregate principal amount of Securities of each series outstanding at any time may not exceed the aggregate principal amount of Securities of that series authorized for issuance by the Company pursuant to such written orders of the Company, except as provided in Section 2.07. Subject to the foregoing, the aggregate principal amount of Securities of any series that may be issued under this Indenture shall not be limited.

The Trustee may appoint one or more authenticating agents acceptable to the Company to authenticate Securities. Unless limited by the terms of such appointment, an authenticating agent may authenticate Securities whenever the Trustee may do so. Each reference in this Indenture to authentication by the Trustee includes authentication by such agent. An authenticating agent has the same rights as an Agent to deal with the Company, the Guarantors or any of their respective Affiliates.

SECTION 2.03. *Registrar and Paying Agent* . The Company shall maintain in the continental United States an office or agency where Securities of each series may be presented for registration of transfer or exchange (“Registrar”) and an office or agency in The City of New York where such Securities may be presented for payment (“Paying Agent”). The Registrar shall keep a register of the Securities of each series and of their transfer and exchange. The Company may appoint one or more co-registrars and one or more additional paying agents with respect to each series of Securities. The term “Registrar” includes any co-registrar and the term “Paying Agent” includes any additional paying agent.

The Company shall enter into an appropriate agency agreement with any Registrar or Paying Agent not a party to this Indenture. The agreement shall implement the provisions of this Indenture that relate to such Agent. The Company shall notify the Trustee of the name and address of any Agent not a party to this Indenture. The Company may change any Paying Agent or Registrar without notice to any Holder. If the Company fails to appoint or maintain another entity as Registrar or Paying Agent, the Trustee shall act as such. The Company or any of its Subsidiaries may act as Paying Agent or Registrar.

The Company initially appoints the Trustee as Registrar and Paying Agent for the Securities of each series at its Corporate Trust Office. The place of payment with respect to the Securities, in addition to the Corporate Trust Office of the Trustee, shall be The City of New York, and the Company hereby appoints the Trustee as its Paying Agent in The City of New York, at its corporate trust office in such city, as specified in the definition of Corporate Trust Office of the Trustee in Section 1.01, the intention of the Company being that the Securities shall at all times be payable in The City of New York.

The immunities, protections and exculpations available to the Trustee under this Indenture shall also be available to each Agent and each authenticating agent, and the Company's obligations under Section 6.07 to compensate and indemnify the Trustee shall extend likewise to each Agent and each authenticating agent.

The Company initially appoints The Depository Trust Company ("DTC") to act as Depository with respect to each Global Security.

SECTION 2.04. *Paying Agent to Hold Money in Trust*. The Company shall require each Paying Agent other than the Trustee to agree in writing that the Paying Agent will hold in trust for the benefit of Holders of the applicable series of Securities or the Trustee all money held by the Paying Agent for the payment of principal of or premium, if any, or interest on the Securities of such series, whether such money shall have been paid to it by the Company or a Guarantor, and will notify the Trustee in accordance with Section 11.02 of any default by the Company or the Guarantors in making any such payment. While any such default continues, the Trustee may require a Paying Agent to pay all money held by it to the Trustee and to account for any funds disbursed. The Company at any time may require a Paying Agent to pay all money held by it to the Trustee and to account for any funds disbursed. Upon payment over to the Trustee and upon accounting for any funds disbursed, the Paying Agent (if other than the Company) shall have no further liability for the money. If the Company or a Subsidiary of the Company acts as Paying Agent, it shall segregate and hold in a separate trust fund for the benefit of the Holders all money held by it as Paying Agent.

SECTION 2.05. *Holder Lists*. The Trustee shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of Holders of each series of Securities and shall otherwise comply with TIA Section 312(a). If the Trustee is not the Registrar for a series of Securities, the Company shall furnish to the Trustee at least seven Business Days before each Interest Payment Date, and at such other times as the Trustee may

request in writing, a list in such form and as of such date as the Trustee may reasonably require of the names and addresses of Holders of such series of Securities, and the Company shall otherwise comply with TIA Section 312(a).

SECTION 2.06. *Transfer and Exchange* .

(a) *Transfer and Exchange of Global Securities* . A Global Security may not be transferred as a whole except by the Depositary to a nominee of the Depositary, by a nominee of the Depositary to the Depositary or to another nominee of the Depositary, or by the Depositary or any such nominee to a successor Depositary or a nominee of such successor Depositary. Global Securities also may be exchanged or replaced, in whole, as provided in Section 2.07. Owners of beneficial interests in Global Securities of each series of Securities shall not be entitled to receive Definitive Securities unless:

(1) the Depositary notifies the Company that it is unwilling or unable to continue to act as Depositary or that it is no longer a clearing agency registered under the Exchange Act and, in either case, a successor Depositary is not appointed by the Company within 90 days after the date of such notice from the Depositary;

(2) the Company, at its option but subject to the Depositary's requirements, notifies the Trustee in conformity with Section 11.02 that it elects to cause the issuance of the Definitive Securities; *provided* that in no event shall any Regulation S Temporary Global Note be exchanged by the Company for Definitive Securities prior to (A) the expiration of the Restricted Period and (B) the receipt by the Registrar of any certificates required pursuant to Rule 903(b)(3)(ii)(B) under the Securities Act; or

(3) there has occurred and is continuing an Event of Default and the Depositary notifies the Trustee of its decision to exchange such Global Security for Definitive Securities.

Upon the occurrence of any of the events in clause (1), (2) or (3) above, Definitive Securities shall be issued in such names and authorized denominations as the Depositary shall instruct the Trustee and the Registrar in accordance with the Applicable Procedures. Neither the Company, the Guarantors, the Trustee nor the Registrar will be liable for any delay by the Depositary in identifying the owners of beneficial interests in a Global Security, and each of the Company, the Guarantors, the Trustee and the Registrar may conclusively rely on, and will be protected in relying on, instructions from the Depositary for all purposes of this Indenture.

(b) *Transfer and Exchange of Beneficial Interests in the Global Securities* . The transfer and exchange of beneficial interests in the Global Securities shall be effected through the Depositary, in accordance with the provisions of this Indenture and the Applicable Procedures. Transfers of beneficial interests in the Global Securities also shall require compliance with either subparagraph (1) or (2) below, as applicable, as well as one or more of the other following provisions of this Section 2.06, as applicable:

(1) *Transfer of Beneficial Interests in the Same Global Security* . Beneficial interests in any Restricted Global Security may be transferred to Persons who

take delivery thereof in the form of a beneficial interest in the same Restricted Global Security in accordance with the transfer restrictions set forth in the Private Placement Legend and any Applicable Procedures; *provided, however*, that prior to the expiration of the Restricted Period, transfers of beneficial interests in any Regulation S Temporary Global Note may not be made to a U.S. Person or for the account or benefit of a U.S. Person (other than an Initial Purchaser). Beneficial interests in any Unrestricted Global Security may be transferred to Persons who take delivery thereof in the form of a beneficial interest in such Unrestricted Global Security. No written orders or instructions shall be required to be delivered to the Registrar to effect the transfers described in the preceding sentence of this Section 2.06(b)(1).

(2) *All Other Transfers and Exchanges of Beneficial Interests in Global Securities*. In connection with all transfers and exchanges of beneficial interests that are not subject to Section 2.06(b)(1) above, the transferor of such beneficial interest must deliver to the Registrar either:

(A) (i) a written order from a Participant or an Indirect Participant given to the Depositary in accordance with the Applicable Procedures directing the Depositary to credit or cause to be credited a beneficial interest in another Global Security in an amount equal to the beneficial interest to be transferred or exchanged; and

(ii) instructions given in accordance with the Applicable Procedures containing information regarding the Participant account to be credited with such increase; or

(B) (i) a written order from a Participant or an Indirect Participant given to the Depositary in accordance with the Applicable Procedures directing the Depositary to cause to be issued a Definitive Security in an amount equal to the beneficial interest to be transferred or exchanged; and

(ii) instructions given by the Depositary to the Registrar containing information regarding the Person in whose name such Definitive Security shall be registered to effect the transfer or exchange referred to in Section 2.06(b)(2)(B)(i) above;

provided that in no event shall Definitive Securities be issued upon the transfer or exchange of beneficial interests in any Regulation S Temporary Global Security prior to (A) the expiration of the Restricted Period and (B) the receipt by the Registrar of any certificates required pursuant to Rule 903(b)(3)(ii)(B) under the Securities Act.

Upon consummation of a Registered Exchange Offer by the Company in accordance with Section 2.06(f), the requirements of this Section 2.06(b)(2) shall be deemed to have been satisfied upon receipt by the Registrar of the instructions contained in the Letter of Transmittal delivered by the Holder of such beneficial interests in the Restricted Global Securities (or transmitted to the Registrar via the Depositary's book-entry system). Upon satisfaction of all of the requirements for transfer or exchange of beneficial interests in Global Securities contained in this Indenture and the Securities or otherwise applicable under the Securities Act, the principal amount of each relevant Global Security shall be adjusted pursuant to Section 2.06(h).

(3) *Transfer of Beneficial Interests to Another Restricted Global Security* . A beneficial interest in any Restricted Global Security may be transferred to a Person who takes delivery thereof in the form of a beneficial interest in another Restricted Global Security if the transfer complies with the requirements of Section 2.06(b)(2) above and the Registrar receives the following:

(A) if the transferee will take delivery in the form of a beneficial interest in a 144A Global Security, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (1) thereof; and

(B) if the transferee will take delivery in the form of a beneficial interest in a Regulation S Global Security, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (2) thereof.

(4) *Transfer and Exchange of Beneficial Interests in a Restricted Global Security for Beneficial Interests in the Unrestricted Global Security* . A beneficial interest in any Restricted Global Security may be exchanged by any holder thereof for a beneficial interest in an Unrestricted Global Security or transferred to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Security if the exchange or transfer complies with the requirements of Section 2.06(b)(2) above and:

(A) such exchange or transfer is effected pursuant to a Registered Exchange Offer in accordance with the applicable Registration Rights Agreement and the holder of the beneficial interest to be transferred, in the case of an exchange, or the transferee, in the case of a transfer, certifies in the applicable Letter of Transmittal (or via the Depository's book-entry system) that, among other things, it is not (i) a Person participating in the distribution of the Exchange Securities or (ii) an affiliate (as defined in Rule 144) of the Company and that any Exchange Securities to be acquired by such holder will be acquired in the ordinary course of its business;

(B) such transfer is effected pursuant to a Shelf Registration Statement in accordance with the applicable Registration Rights Agreement;

(C) such transfer is effected by an Exchanging Dealer pursuant to an Exchange Offer Registration Statement in accordance with the applicable Registration Rights Agreement; or

(D) the Registrar receives the following:

(i) if the holder of such beneficial interest in a Restricted Global Security proposes to exchange such beneficial interest for a beneficial interest in an Unrestricted Global Security, a certificate from such holder in the form of Exhibit C hereto, including the certifications in item (1)(a) thereof; or

(ii) if the holder of such beneficial interest in a Restricted Global Security proposes to transfer such beneficial interest to a Person who shall take delivery thereof in the form of a beneficial interest in an Unrestricted Global Security, a certificate from such holder in the form of Exhibit B hereto, including the certifications in item (4) thereof;

and, in each such case set forth in this subparagraph (D), if the Registrar so requests or if the Applicable Procedures so require, an Opinion of Counsel in form reasonably acceptable to the Registrar to the effect that such exchange or transfer is in compliance with the Securities Act and state “blue sky” laws and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

If any such transfer is effected pursuant to subparagraph (B) or (D) above at a time when an Unrestricted Global Security has not yet been issued, the Company shall issue and, upon receipt of a written order in accordance with Section 2.02 hereof, the Trustee shall authenticate one or more Unrestricted Global Securities in an aggregate principal amount equal to the aggregate principal amount of beneficial interests transferred pursuant to subparagraph (B) or (D) above.

(5) *Exchange or Transfer Prohibited.* Beneficial interests in an Unrestricted Global Security cannot be exchanged for, or transferred to Persons who take delivery thereof in the form of, a beneficial interest in a Restricted Global Security.

(c) *Transfer or Exchange of Beneficial Interests for Definitive Securities .*

(1) *Beneficial Interests in Restricted Global Securities to Restricted Definitive Securities .* If any of the conditions set forth in Section 2.06(a) hereof have been met and if any holder of a beneficial interest in a Restricted Global Security proposes to exchange such beneficial interest for a Restricted Definitive Security or to transfer such beneficial interest to a Person who takes delivery thereof in the form of a Restricted Definitive Security, then, upon receipt by the Registrar of the following documentation:

(A) if the holder of such beneficial interest in a Restricted Global Security proposes to exchange such beneficial interest for a Restricted Definitive Security, a certificate from such holder in the form of Exhibit C hereto, including the certifications in item (2) (a) thereof;

(B) if such beneficial interest is being transferred to a QIB in accordance with Rule 144A, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (1) thereof;

(C) if such beneficial interest is being transferred to a non-U.S. Person in an offshore transaction in accordance with Rule 904, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (2) thereof; or

(D) if such beneficial interest is being transferred pursuant to an exemption from the registration requirements of the Securities Act other than Rule 144A or Regulation S, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3) thereof,

then, upon satisfaction of the conditions set forth in Section 2.06(b)(2)(B), the Registrar shall cause the aggregate principal amount of the applicable Global Security to be reduced accordingly pursuant to Section 2.06(h), and the Company shall execute and the Trustee shall authenticate and deliver to the Person designated in the instructions a Definitive Security in the appropriate form and principal amount. Any Definitive Security issued in exchange for a beneficial interest in a Restricted Global Security pursuant to this Section 2.06(c) shall be registered in such name or names and in such authorized denomination or denominations as the holder of such beneficial interest shall instruct the Registrar through instructions from the Depositary and the Participant or Indirect Participant. The Trustee shall deliver such Definitive Securities to the Persons in whose names such Securities are so registered. Any Definitive Security issued in exchange for a beneficial interest in a Restricted Global Security pursuant to this Section 2.06(c)(1) shall bear the Private Placement Legend and shall be subject to all restrictions on transfer contained therein. Notwithstanding Sections 2.06(c)(1)(A) and (C), a beneficial interest in a Regulation S Temporary Global Security may not be exchanged for a Definitive Security or transferred to a Person who takes delivery thereof in the form of a Definitive Security prior to (A) the expiration of the Restricted Period and (B) the receipt by the Registrar of any certificates required pursuant to Rule 903(b)(3)(ii)(B) under the Securities Act, except in the case of a transfer pursuant to Rule 144A or Regulation S (other than a transfer pursuant to Rule 904).

(2) *Beneficial Interests in Restricted Global Securities to Unrestricted Definitive Securities*. If any of the conditions set forth in Section 2.06(a) hereof have been met, then a holder of a beneficial interest in a Restricted Global Security may exchange such beneficial interest for an Unrestricted Definitive Security or may transfer such beneficial interest to a Person who takes delivery thereof in the form of an Unrestricted Definitive Security only if:

(A) such exchange or transfer is effected pursuant to a Registered Exchange Offer in accordance with the applicable Registration Rights Agreement and the holder of such beneficial interest, in the case of an exchange, or the transferee, in the case of a transfer, certifies in the applicable Letter of Transmittal (or via the Depositary's book-entry system) that, among other things, it is not (i) a Person participating in the distribution of the Exchange Securities or (ii) an affiliate (as defined in Rule 144) of the Company and that any Exchange Securities to be acquired by such holder will be acquired in the ordinary course of its business;

(B) such transfer is effected pursuant to a Shelf Registration Statement in accordance with the applicable Registration Rights Agreement;

(C) such transfer is effected by an Exchanging Dealer pursuant to an Exchange Offer Registration Statement in accordance with the applicable Registration Rights Agreement; or

(D) the Registrar receives the following:

(i) if the holder of such beneficial interest in a Restricted Global Security proposes to exchange such beneficial interest for an Unrestricted Definitive Security, a certificate from such holder in the form of Exhibit C hereto, including the certifications in item (1)(b) thereof; or

(ii) if the holder of such beneficial interest in a Restricted Global Security proposes to transfer such beneficial interest to a Person who shall take delivery thereof in the form of an Unrestricted Definitive Security, a certificate from such holder in the form of Exhibit B hereto, including the certifications in item (4) thereof;

and, in each such case set forth in this subparagraph (D), if the Registrar so requests or if the Applicable Procedures so require, an Opinion of Counsel in form reasonably acceptable to the Registrar to the effect that such exchange or transfer is in compliance with the Securities Act and state “blue sky” laws and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

(3) *Beneficial Interests in Unrestricted Global Securities to Unrestricted Definitive Securities* . If any of the conditions set forth in Section 2.06(a) with respect to the issuance of Definitive Securities has been met and any holder of a beneficial interest in an Unrestricted Global Security proposes to exchange such beneficial interest for a Definitive Security or to transfer such beneficial interest to a Person who takes delivery thereof in the form of a Definitive Security, then, upon satisfaction of the conditions set forth in Section 2.06(b)(2)(B), the Registrar shall cause the aggregate principal amount of the applicable Global Security to be reduced accordingly pursuant to Section 2.06(h), and the Company shall execute and the Trustee shall authenticate and deliver to the Person designated in the instructions a Definitive Security in the appropriate principal amount. Any Definitive Security issued in exchange for a beneficial interest pursuant to this Section 2.06(c)(3) shall be registered in such name or names and in such authorized denomination or denominations as the holder of such beneficial interest shall instruct the Registrar through instructions from the Depository and the Participant or Indirect Participant. The Trustee shall deliver such Definitive Securities to the Persons in whose names such Securities are so registered. Any Definitive Security issued in exchange for a beneficial interest pursuant to this Section 2.06(c)(3) shall not bear the Private Placement Legend.

(d) *Transfer and Exchange of Definitive Securities for Beneficial Interests* .

(1) *Restricted Definitive Securities to Beneficial Interests in Restricted Global Securities* . If any Holder of a Restricted Definitive Security proposes to exchange such Security for a beneficial interest in a Restricted Global Security or to transfer such Restricted Definitive Security to a Person who takes delivery thereof in the form of a beneficial interest in a Restricted Global Security, then, upon receipt by the Registrar of the following documentation:

(A) if the Holder of such Restricted Definitive Security proposes to exchange such Security for a beneficial interest in a Restricted Global Security, a certificate from such Holder in the form of Exhibit C hereto, including the certifications in item (2) (b) thereof;

(B) if such Restricted Definitive Security is being transferred to a QIB in accordance with Rule 144A, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (1) thereof;

(C) if such Restricted Definitive Security is being transferred to a non-U.S. Person in an offshore transaction in accordance with Rule 904, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (2) thereof; or

(D) if such Restricted Definitive Security is being transferred pursuant to an exemption from the registration requirements of the Securities Act other than Rule 144A or Regulation S, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3) thereof,

the Trustee shall cancel the Restricted Definitive Security, the Registrar shall increase or cause to be increased the aggregate principal amount of, in the case of clause (A) above, the appropriate Restricted Global Security, in the case of clause (B) above, the 144A Global Security, and in the case of clause (C) above, the Regulation S Global Security.

(2) *Restricted Definitive Securities to Beneficial Interests in Unrestricted Global Securities* . A Holder of a Restricted Definitive Security may exchange such Security for a beneficial interest in an Unrestricted Global Security or transfer such Restricted Definitive Security to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Security only if:

(A) such exchange or transfer is effected pursuant to a Registered Exchange Offer in accordance with the applicable Registration Rights Agreement and the Holder, in the case of an exchange, or the transferee, in the case of a transfer, certifies in the applicable Letter of Transmittal (or via the Depository's book-entry system) that, among other things, it is not (i) a Person participating in the distribution of the Exchange Securities or (ii) an affiliate (as defined in Rule 144) of the Company and that any Exchange Securities to be acquired by such holder will be acquired in the ordinary course of its business;

(B) such transfer is effected pursuant to a Shelf Registration Statement in accordance with the applicable Registration Rights Agreement;

(C) such transfer is effected by an Exchanging Dealer pursuant to an Exchange Offer Registration Statement in accordance with the applicable Registration Rights Agreement; or

(D) the Registrar receives the following:

(i) if the Holder of such Definitive Securities proposes to exchange such Securities for a beneficial interest in the Unrestricted Global Security, a certificate from such Holder in the form of Exhibit C hereto, including the certifications in item (1)(c) thereof; or

(ii) if the Holder of such Definitive Securities proposes to transfer such Securities to a Person who shall take delivery thereof in the form of a beneficial interest in the Unrestricted Global Security, a certificate from such Holder in the form of Exhibit B hereto, including the certifications in item (4) thereof;

and, in each such case set forth in this subparagraph (D), if the Registrar so requests or if the Applicable Procedures so require, an Opinion of Counsel in form reasonably acceptable to the Registrar to the effect that such exchange or transfer is in compliance with the Securities Act and state “blue sky” laws and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

Upon satisfaction of the conditions of any of the subparagraphs in this Section 2.06(d)(2), the Trustee shall cancel the Definitive Securities and the Registrar shall increase or cause to be increased the aggregate principal amount of the Unrestricted Global Security.

(3) *Unrestricted Definitive Securities to Beneficial Interests in Unrestricted Global Securities* . A Holder of an Unrestricted Definitive Security may exchange such Security for a beneficial interest in an Unrestricted Global Security or transfer such Definitive Security to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Security at any time. Upon receipt of a request for such an exchange or transfer, the Trustee shall cancel the applicable Unrestricted Definitive Security and the Registrar shall increase or cause to be increased the aggregate principal amount of one of the Unrestricted Global Securities.

If any such exchange or transfer from a Definitive Security to a beneficial interest in an Unrestricted Global Security is effected at a time when an Unrestricted Global Security has not yet been issued, the Company shall issue and, upon receipt of an Authentication Order in accordance with Section 2.02, the Trustee shall authenticate one or more Unrestricted Global Securities in an aggregate principal amount equal to the principal amount of Definitive Securities so transferred.

(e) *Transfer and Exchange of Definitive Securities for Definitive Securities* . Upon request by a Holder of Definitive Securities and such Holder's compliance with the provisions of this Section 2.06(e), the Registrar shall register the transfer or exchange of Definitive Securities. Prior to such registration of transfer or exchange, the requesting Holder shall present or surrender to the Registrar the Definitive Securities duly endorsed or accompanied by a written instrument of transfer in form satisfactory to the Registrar duly executed by such Holder or by its attorney, duly authorized in writing. In addition, the requesting Holder shall provide any additional certifications, documents and information, as applicable, required pursuant to the following provisions of this Section 2.06(e).

(1) *Restricted Definitive Securities to Restricted Definitive Securities* . Any Restricted Definitive Security may be transferred to and registered in the name of Persons who take delivery thereof in the form of a Restricted Definitive Security if the Registrar receives the following:

(A) if the transfer will be made pursuant to Rule 144A, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (1) thereof;

(B) if the transfer will be made pursuant to Rule 904, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (2) thereof; and

(C) if the transfer will be made pursuant to any other exemption from the registration requirements of the Securities Act, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications required by item (3) thereof.

(2) *Restricted Definitive Securities to Unrestricted Definitive Securities* . Any Restricted Definitive Security may be exchanged by the Holder thereof for an Unrestricted Definitive Security or transferred to a Person or Persons who take delivery thereof in the form of an Unrestricted Definitive Security if:

(A) such exchange or transfer is effected pursuant to a Registered Exchange Offer in accordance with the applicable Registration Rights Agreement and the Holder, in the case of an exchange, or the transferee, in the case of a transfer, certifies in the applicable Letter of Transmittal (or via the Depository's book-entry system) that, among other things, it is not (i) a Person participating in the distribution of the Exchange Securities or (ii) a Person who is an affiliate (as defined in Rule 144) of the Company and that any Exchange Securities to be acquired by such holder will be acquired in the ordinary course of its business;

(B) any such transfer is effected pursuant to a Shelf Registration Statement in accordance with the applicable Registration Rights Agreement;

(C) any such transfer is effected by an Exchanging Dealer pursuant to an Exchange Offer Registration Statement in accordance with the applicable Registration Rights Agreement; or

(D) the Registrar receives the following:

(i) if the Holder of such Restricted Definitive Securities proposes to exchange such Securities for an Unrestricted Definitive Security, a certificate from such Holder in the form of Exhibit C hereto, including the certifications in item (1) (d) thereof; or

(ii) if the Holder of such Restricted Definitive Security proposes to transfer such Securities to a Person who shall take delivery thereof in the form of an Unrestricted Definitive Security, a certificate from such Holder in the form of Exhibit B hereto, including the certifications in item (4) thereof;

and, in each such case set forth in this subparagraph (D), if the Registrar so requests, an Opinion of Counsel in form reasonably acceptable to the Registrar to the effect that such exchange or transfer is in compliance with the Securities Act and state "blue sky" laws and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

(3) *Unrestricted Definitive Securities to Unrestricted Definitive Securities* . A Holder of Unrestricted Definitive Securities may transfer such Securities to a Person who takes delivery thereof in the form of an Unrestricted Definitive Security. Upon receipt of a request to register such a transfer, the Registrar shall register the Unrestricted Definitive Security pursuant to the instructions from the Holder thereof. Prior to such registration of transfer, the requesting Holder must present or surrender to the Registrar the Unrestricted Definitive Securities duly endorsed or accompanied by a written instrument of transfer in form satisfactory to the Registrar duly executed by such Holder or by its attorney, duly authorized in writing.

(f) *Registered Exchange Offer* . Upon the occurrence of a Registered Exchange Offer in accordance with the applicable Registration Rights Agreement, the Company shall issue and, upon receipt of a written order in accordance with Section 2.02, the Trustee shall authenticate:

(1) one or more Unrestricted Global Securities in an aggregate principal amount equal to the principal amount of the beneficial interests in the Restricted Global Securities tendered for acceptance by Persons that certify in the applicable Letters of Transmittal (or via the Depository's book-entry system), among other things, that (A) any Exchange Securities to be acquired by such Persons will be acquired in the ordinary course of business, (B) they are not participating in a distribution of the Exchange Securities and (C) they are not affiliates (as defined in Rule 144) of the Company, and accepted for exchange in the Registered Exchange Offer; and

(2) Unrestricted Definitive Securities in an aggregate principal amount equal to the principal amount of any Restricted Definitive Securities accepted for exchange in the Registered Exchange Offer.

Concurrently with the issuance of such Securities, the Registrar shall cause the aggregate principal amount of the applicable Restricted Global Securities to be reduced accordingly, and the Company shall execute and the Trustee shall authenticate, and deliver to the Persons designated by the Holders of any Definitive Securities so accepted, Unrestricted Definitive Securities in the appropriate principal amount.

(g) *Legends*. The following legends shall appear on the face of all Global Securities and Definitive Securities issued under this Indenture unless specifically stated otherwise in the applicable provisions of this Indenture.

(1) Private Placement Legend.

(A) Except as permitted by subparagraph (B) below or as otherwise agreed between the Company and the Holder, each Global Security and each Definitive Security (and all Securities issued in exchange therefor or substitution thereof) shall bear a legend, until the Resale Restriction Termination Date, in substantially the following form:

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR ANY SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF (1) REPRESENTS THAT (A) IT IS A “QUALIFIED INSTITUTIONAL BUYER” (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT (“RULE 144A”)), OR (B) IT IS A NON-U.S. PERSON AND IS ACQUIRING THIS SECURITY IN AN OFFSHORE TRANSACTION WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT, PURSUANT TO RULE 904 OF REGULATION S, AND (2) AGREES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE RESALE RESTRICTION TERMINATION DATE, ONLY (A) TO COLUMBIA PIPELINE GROUP, INC. OR ANY OF ITS SUBSIDIARIES, (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE

144A, TO A PERSON IT REASONABLY BELIEVES IS A “QUALIFIED INSTITUTIONAL BUYER” AS DEFINED IN RULE 144A THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES TO NON-U.S. PERSONS THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATIONS UNDER THE SECURITIES ACT, PURSUANT TO RULE 904 OF REGULATIONS, OR (E) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN EACH CASE, THE SECURITIES LAWS OF ANY OTHER JURISDICTION, INCLUDING ANY STATE OF THE UNITED STATES, SUBJECT TO THE COMPANY’S AND THE TRUSTEE’S RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL SATISFACTORY TO EACH OF THEM AND/OR A CERTIFICATE OF TRANSFER OR EXCHANGE IN THE FORM PRESCRIBED IN THE INDENTURE. THIS LEGEND WILL BE REMOVED UPON THE REQUEST OF THE HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE.

BY ITS ACQUISITION AND HOLDING OF THIS SECURITY THE HOLDER THEREOF WILL BE DEEMED TO HAVE REPRESENTED, WARRANTED AND AGREED THAT EITHER (I) IT IS NOT AND WILL NOT BE FOR SO LONG AS IT HOLDS ANY SECURITY (OR INTEREST IN A SECURITY) AN EMPLOYEE BENEFIT PLAN OR ARRANGEMENT SUBJECT TO THE FIDUCIARY RESPONSIBILITY REQUIREMENT OF TITLE I OF U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (“ERISA”), A “PLAN” OR ARRANGEMENT SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE “CODE”), OR AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE PLAN ASSETS BY REASON OF SUCH EMPLOYEE BENEFIT PLAN OR PLAN’S INVESTMENT IN THE ENTITY, OR A GOVERNMENTAL, NON-U.S., CHURCH OR OTHER PLAN WHICH IS SUBJECT TO ANY FEDERAL, STATE, LOCAL, NON-U.S. OR OTHER LAWS OR REGULATIONS THAT ARE SUBSTANTIALLY SIMILAR TO SUCH PROVISIONS OF ERISA OR THE CODE (“SIMILAR LAWS”), OR (II) THE PURCHASE, HOLDING AND DISPOSITION OF THIS SECURITY WILL NOT CONSTITUTE A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR, IN THE CASE OF A GOVERNMENTAL, NON-U.S., CHURCH OR OTHER PLAN, A SIMILAR VIOLATION UNDER ANY APPLICABLE SIMILAR LAWS.

(B) Notwithstanding the foregoing, any Global Security or Definitive Security issued pursuant to subparagraph (b)(4), (c)(2), (c)(3), (d)(2), (d)(3), (e)(2), (e)(3) or (f) of this Section 2.06 (and all Securities issued in exchange therefor or substitution thereof) shall not bear the Private Placement Legend.

(2) *Global Security Legend* . Each Global Security shall bear a legend in substantially the following form:

THIS GLOBAL SECURITY IS HELD BY THE DEPOSITARY (AS DEFINED IN THE INDENTURE GOVERNING THIS SECURITY) OR ITS NOMINEE IN CUSTODY FOR THE BENEFIT OF THE BENEFICIAL OWNERS HEREOF, AND IS NOT TRANSFERABLE TO ANY PERSON UNDER ANY CIRCUMSTANCES EXCEPT THAT (I) THE REGISTRAR MAY MAKE SUCH NOTATIONS HEREON AS MAY BE REQUIRED PURSUANT TO SECTION 2.06 OF THE INDENTURE, (II) THIS GLOBAL SECURITY MAY BE EXCHANGED IN WHOLE BUT NOT IN PART PURSUANT TO SECTION 2.06(a) OF THE INDENTURE AND (III) THIS GLOBAL SECURITY MAY BE DELIVERED TO THE TRUSTEE FOR CANCELLATION PURSUANT TO SECTION 2.11 OF THE INDENTURE.

UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR SECURITIES IN DEFINITIVE FORM, THIS SECURITY MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY OR BY THE DEPOSITARY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY. UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY TRUST COMPANY (55 WATER STREET, NEW YORK, NEW YORK) (“DTC”) TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR SUCH OTHER ENTITY AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

(3) *Regulation S Temporary Global Security Legend* . Each Regulation S Temporary Global Security shall bear a legend in substantially the following form:

THE RIGHTS ATTACHING TO THIS REGULATION S TEMPORARY GLOBAL SECURITY, AND THE CONDITIONS AND

PROCEDURES GOVERNING ITS EXCHANGE FOR A REGULATION S PERMANENT GLOBAL SECURITY, ARE AS SPECIFIED IN THE INDENTURE (AS DEFINED HEREIN). NEITHER THE HOLDER NOR THE BENEFICIAL OWNERS OF THIS REGULATION S TEMPORARY GLOBAL SECURITY SHALL BE ENTITLED TO RECEIVE PAYMENT OF INTEREST HEREON.

(h) *Cancellation or Adjustment of Global Securities* . At such time as all beneficial interests in a particular Global Security have been exchanged for beneficial interests in another Global Security or for Definitive Securities, or a particular Global Security has been redeemed, repurchased or canceled, in each case, in whole and not in part, each such Global Security shall be returned to or retained and canceled by the Trustee in accordance with Section 2.11. At any time prior to such cancellation, if any beneficial interest in a Global Security is exchanged for or transferred to a Person who will take delivery thereof in the form of a beneficial interest in another Global Security or for Definitive Securities, the principal amount of Securities represented by such Global Security shall be reduced accordingly and an endorsement shall be made on such Global Security by the Trustee or by the Depositary at the direction of the Trustee to reflect such reduction; and if the beneficial interest is being exchanged for or transferred to a Person who will take delivery thereof in the form of a beneficial interest in another Global Security, such other Global Security shall be increased accordingly and an endorsement shall be made on such Global Security by the Trustee or by the Depositary at the direction of the Trustee to reflect such increase.

(i) *General Provisions Relating to Transfers and Exchanges* .

(1) To permit registrations of transfers and exchanges, the Company shall execute and the Trustee shall authenticate or cause to be authenticated Global Securities and Definitive Securities upon the Company's order or at the Registrar's request.

(2) No service charge shall be made to a holder of a beneficial interest in a Global Security or to a Holder of a Definitive Security for any registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any transfer tax or similar governmental charge or other fee required by law and payable in connection therewith (other than any such transfer taxes or similar governmental charge or other fee payable upon exchange or transfer pursuant to Sections 2.10, 8.05 and 10.06).

(3) All Global Securities and Definitive Securities issued upon any registration of transfer or exchange of Global Securities or Definitive Securities shall be the valid obligations of the Company, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Global Securities or Definitive Securities surrendered upon such registration of transfer or exchange.

(4) None of the Company, the Trustee or the Registrar shall be required (A) to issue, to register the transfer of or to exchange any Securities during a period beginning at the opening of business 15 days before the day of sending of a notice

of redemption under Section 10.03 and ending at the close of business on such day or (B) to register the transfer of or to exchange any Securities so selected for redemption in whole or in part, except the unredeemed portion of any Security being redeemed in part.

(5) Prior to the due presentation for registration of transfer of any Security, the Company, the Guarantors, the Trustee, the Paying Agent or the Registrar may deem and treat the Person in whose name a Security is registered as the absolute owner of such Security for the purpose of receiving any payment on such Security and for all other purposes whatsoever, whether or not such Security is overdue, and none of the Company, the Guarantors, the Trustee, the Paying Agent or the Registrar shall be affected by notice to the contrary.

(6) The Trustee shall authenticate or cause to be authenticated Global Securities and Definitive Securities upon receipt of a written order of the Company signed by one of its Officers and in accordance with the other provisions of Section 2.02 to the extent applicable.

(7) All certifications, certificates and Opinions of Counsel required to be submitted to the Registrar pursuant to this Section 2.06 to effect a registration of transfer or exchange may be submitted by facsimile.

(8) The Trustee shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Indenture or under applicable law with respect to any transfer of any interest in any Global Security or Definitive Security other than to require delivery of such certificates and other documentation or evidence as is expressly required by, and to do so if and when expressly required by the terms of, this Indenture, and to examine the same to determine substantial compliance as to conformity with the express requirements hereof.

(9) Neither the Trustee nor any Agent shall have any responsibility for any actions taken or not taken by the Depository.

SECTION 2.07. *Replacement Securities* . If a mutilated Security is surrendered to the Registrar or if the Holder of a Security claims that the Security has been lost, destroyed or wrongfully taken, the Company shall issue and the Trustee shall authenticate a replacement Security if the Trustee's requirements are met, such that the Holder (a) satisfies the Company or the Trustee within a reasonable time after such Holder has notice of such loss, destruction or wrongful taking and the Registrar does not register a transfer prior to receiving such notification, (b) makes such request to the Company or Trustee prior to the Security being acquired by a protected purchaser as defined in Section 8-303 of the Uniform Commercial Code (a "protected purchaser") and (c) satisfies any other reasonable requirements of the Trustee. Such Holder must furnish an indemnity bond that is sufficient in the judgment of the Trustee and the Company to protect the Company, the Trustee, any Agent or any authenticating agent from any loss which any of them may suffer if a Security is replaced. The Company and the Trustee may charge for their expenses in replacing a Security. If, after the delivery of such replacement Security, a protected purchaser of the original Security in lieu of which such replacement Security was issued presents for payment or registration such original Security, the Trustee shall be entitled to

recover such replacement Security from the Person to whom it was delivered or any Person taking therefrom, except a protected purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost or expense incurred by the Trustee or the Company in connection therewith. Every replacement Security is a contractual obligation of the Company.

In case any such mutilated, destroyed, lost or wrongfully taken Security has become or is about to become due and payable, the Company in its discretion may, instead of issuing a new Security, pay such Security.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or wrongfully taken Securities.

SECTION 2.08. *Outstanding Securities* . The Securities outstanding at any time are all the Securities authenticated by the Trustee except for those canceled by it, those delivered to it for cancellation, those reductions in the interest in a Global Security effected by the Registrar hereunder and those described in this Section 2.08 as not outstanding; *provided, however* , that in determining whether the Holders of the requisite principal amount of outstanding Securities are present at a meeting of Holders of Securities for quorum purposes or have consented to or voted in favor of any request, demand, authorization, direction, notice, consent, waiver, amendment or modification hereunder, Securities held for the account of the Company or any of its Affiliates shall be disregarded and deemed not to be outstanding, except that in determining whether the Trustee shall be protected in making such a determination or relying upon any such quorum, consent or vote, only Securities which a Responsible Officer of the Trustee actually knows to be so owned shall be so disregarded.

If a Security is replaced pursuant to Section 2.07, it ceases to be outstanding unless the Trustee receives proof satisfactory to it that the replaced Security is held by a protected purchaser.

If the principal amount of any Security is considered paid under Section 3.01, it ceases to be outstanding and interest on it ceases to accrue.

SECTION 2.09. [*Reserved* .]

SECTION 2.10. *Temporary Securities* . Until Definitive Securities are ready for delivery, the Company may prepare and the Trustee shall authenticate or cause to be authenticated temporary Securities. Temporary Securities shall be substantially in the form of Definitive Securities, but may have variations that the Company considers appropriate for temporary Securities. Without unreasonable delay, the Company shall prepare and the Trustee shall authenticate Definitive Securities in exchange for temporary Securities. Until so exchanged, temporary Securities shall in all respects be entitled to the same benefits under this Indenture as Definitive Securities.

SECTION 2.11. *Cancellation* . The Company or a Guarantor at any time may deliver Securities to the Trustee for cancellation. The Registrar and the Paying Agent shall forward to

the Trustee any Securities surrendered to them for registration of transfer, exchange or payment. The Trustee shall cancel all Securities surrendered for registration of transfer, exchange, payment, replacement or cancellation. All canceled Securities held by the Trustee shall be disposed of in accordance with the usual disposal procedures of the Trustee. The Company may not issue new Securities to replace Securities that have been paid or that have been delivered to the Trustee for cancellation.

SECTION 2.12. *Defaulted Interest* . If the Company defaults in a payment of interest on the Securities, it shall pay the defaulted interest in any lawful manner plus, to the extent lawful, interest on the defaulted interest, in each case at the rate provided in the Securities and in the manner provided in Section 3.01. The Company may pay the defaulted interest to the Persons who are Holders on a subsequent special record date. At least 15 days before any special record date, the Company (or the Trustee, in the name of and at the expense of the Company) shall send to Holders a notice that states the special record date, the related payment date and the amount of such interest to be paid.

SECTION 2.13. *Persons Deemed Owners* . The Company, each Guarantor, the Trustee, any Agent and any authenticating agent may treat the Person in whose name any Security is registered as the owner of such Security for the purpose of receiving payments of principal of or premium, if any, or interest on such Security and for all other purposes. None of the Company, each Guarantor, the Trustee, any Agent or any authenticating agent shall be affected by any notice to the contrary.

SECTION 2.14. *CUSIP Numbers* . The Company in issuing the Securities may use “CUSIP,” “ISIN” or similar numbers (if then generally in use), and, if so, the Trustee shall use such numbers in notices of redemption as a convenience to Holders; *provided*, that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Securities or as contained in any notice of a redemption and that reliance may be placed only on the other identification numbers printed on the Securities, and any such redemption shall not be affected by any defect in or omission of such numbers. The Company will promptly notify the Trustee in accordance with Section 11.02 of any change in any such number.

ARTICLE III COVENANTS

SECTION 3.01. *Payment of Securities* . The Company shall pay the principal of and premium, if any and interest on the Securities on the dates and in the manner provided in the Securities, this Indenture and, in the case of any Additional Interest, the applicable Registration Rights Agreement. Principal, premium, if any, and interest shall be considered paid on the date due if the Paying Agent, other than the Company or a Subsidiary of the Company, holds by 11:00 a.m., Eastern time, on that date money deposited by or on behalf of the Company designated for and sufficient to pay all principal, premium, if any Additional Interest, if any, and interest then due.

Further, to the extent lawful, the Company shall pay interest on overdue principal, premium, if any, and interest (without regard to any applicable grace period), from time to time on demand at the rate then in effect on the Securities.

All references in this Indenture, the Securities or the Guarantees to “interest” shall be deemed to include Additional Interest unless the context otherwise requires. The Company shall give the Trustee advance notice in accordance with Section 11.02 of the amount of any Additional Interest that may be payable with respect to the Securities.

SECTION 3.02. *Maintenance of Office or Agency* . So long as any of the Securities shall remain outstanding, the Company will, in accordance with Section 2.03, maintain an office or agency (which may be an office of the Trustee or an affiliate of the Trustee, or the Registrar) in the continental United States where the Securities may be surrendered for exchange or registration of transfer as provided in this Indenture, where notices and demands to or upon the Company in respect to the Securities may be served, and where the Securities may be presented or surrendered for payment. The Company may also from time to time designate one or more other offices or agencies in the continental United States where Securities may be presented or surrendered for any and all such purposes and may from time to time rescind such designations; *provided, however* , that no such designation or rescission shall in any manner relieve the Company of its obligation under Section 2.03 to maintain an office or agency in The City of New York where any Securities may be presented or surrendered for payment. The Company will give to the Trustee prompt notice in accordance with Section 11.02 of the location of any such office or agency and of any change of location thereof. In case the Company shall fail to maintain any such office or agency or shall fail to give such notice of the location or of any change in the location thereof, such surrenders, presentations and demands may be made and notices may be served at the office of the Trustee indicated in Section 11.02, and the Company hereby appoints the Trustee its agent to receive at the aforesaid office all such surrenders, presentations, notices and demands.

SECTION 3.03. *SEC Reports; Financial Statements* .

(a) The Company covenants and agrees, so long as any Securities are outstanding, to file with the Trustee copies, within 15 days after the Company is required to file the same with the SEC, of the annual reports and of the information, documents and other reports (or copies of such portions of any of the foregoing as the SEC may from time to time by rules and regulations prescribe) which the Company may be required to file with the SEC pursuant to Section 13 or Section 15(d) of the Exchange Act; or, if the Company is not required to file information, documents or reports pursuant to either of such sections, then to file with the Trustee and the SEC, in accordance with rules and regulations prescribed from time to time by the SEC, such of the supplementary and periodic information, documents and reports, if any, which may be required pursuant to Section 13 of the Exchange Act, in respect of a security listed and registered on a national securities exchange as may be prescribed from time to time in such rules and regulations. Delivery of such reports, information and documents to the Trustee is for informational purposes only, and the Trustee’s receipt of such shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Company’s compliance with any of its covenants hereunder (as to which the Trustee is entitled to rely exclusively on Officer’s Certificates).

(b) At any time when the Company is not subject to Section 13 or 15(d) of the Exchange Act and the Securities are not freely transferable under the Securities Act, upon the request of a Holder, the Company and the Guarantors will promptly furnish or cause to be furnished the information specified under Rule 144A(d)(4) of the Securities Act to such Holder, or to a prospective purchaser of a Security designed by such Holder, in order to permit compliance with Rule 144A.

SECTION 3.04. *Compliance Certificate* . The Company and each Guarantor shall deliver to the Trustee, within 120 days after the end of each fiscal year of the Company, an Officer's Certificate complying with TIA Section 314(a)(4) and stating that in the course of performance by the signing Officer of his duties as such Officer, he would normally obtain knowledge of the keeping, observing, performing and fulfilling by the Company and such Guarantor, respectively, of their obligations under this Indenture, and further stating, as to the Officer signing such statement, that to the best of his knowledge, each of the Company and such Guarantor has kept, observed, performed and fulfilled each and every covenant contained in this Indenture and is not in default in the performance or observance of any of the terms, provisions and conditions hereof (or, if a Default or Event of Default shall have occurred, describing all such Defaults or Events of Default of which such Officer may have knowledge and what action the Company or such Guarantor, as the case may be, are taking or proposes to take with respect thereto).

SECTION 3.05. *Existence* . Subject to Article IV, each of the Company and the Guarantors will do or cause to be done all things necessary to preserve and keep in full force and effect its existence, under the laws of its jurisdiction of incorporation or formation.

SECTION 3.06. *Waiver of Stay, Extension or Usury Laws* . Each of the Company and the Guarantors covenant (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law or any usury law or other law, which would prohibit or forgive the Company or the Guarantors from paying all or any portion of the principal of or premium, if any, or interest on the Securities as contemplated herein, wherever enacted, now or at any time hereafter in force, or which may affect the covenants or the performance of this Indenture; and (to the extent that they may lawfully do so) each of the Company and the Guarantors hereby expressly waives all benefit or advantage of any such law, and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

SECTION 3.07. *Limitation on Liens* . While any of the Securities remains outstanding, the Company shall not, nor may it permit any Principal Subsidiary to, create, or permit to be created or to exist, any Lien of any kind upon any Principal Property of the Company or any Principal Subsidiary, or upon any equity interests of any Principal Subsidiary, whether such Principal Property is, or equity interests are, owned on or acquired after the date of this Indenture, to secure any Debt of the Company or any other Person, unless it shall make effective provision whereby the Securities then outstanding shall be secured by such Lien equally and ratably with any and all such Debt thereby secured so long as such Debt shall be so secured; *provided, however*, that nothing in this Section 3.07 shall be construed to prevent the Company or any Principal Subsidiary from creating, or from permitting to be created or to exist, any Liens with respect to:

(a) purchase money mortgages, or other purchase money Liens of any kind upon property acquired by the Company or any Principal Subsidiary after the date of this Indenture, or Liens of any kind existing on any property or any equity interests at the time of the acquisition thereof (including Liens that exist on any property or any equity interests of a Person that is consolidated with or merged with or into the Company or any Principal Subsidiary or that transfers or leases all or substantially all of its properties or assets to the Company or any Principal Subsidiary), or conditional sales agreements or other title retention agreements and leases in the nature of title retention agreements with respect to any property acquired after the date of this Indenture; *provided, however*, that no such Lien shall extend to or cover any other property of the Company or such Principal Subsidiary;

(b) Liens upon any property of the Company or any Principal Subsidiary or upon any equity interests of any Principal Subsidiary existing as of the Issue Date or upon the property or any equity interests of any Person, which Liens existed at the time such Person became a Subsidiary of the Company;

(c) pledges or deposits to secure: (i) any governmental charges or levies; (ii) obligations under worker's compensation laws, unemployment insurance and other social security legislation; (iii) performance in connection with bids, tenders, contracts (other than contracts for the payment of money) or leases to which the Company or any Principal Subsidiary is a party; (iv) public or statutory obligations of the Company or any Principal Subsidiary; and (v) surety, stay, appeal, indemnity, customs, performance or return-of-money bonds or pledges or deposits in lieu thereof;

(d) Liens created by or resulting from any litigation or proceeding that at the time is being contested in good faith by appropriate proceedings, including Liens relating to judgments thereunder as to which the Company or any Principal Subsidiary has not exhausted its appellate rights;

(e) Liens on deposits required by any Person (i) with whom the Company or any Principal Subsidiary enters into forward contracts, futures contracts, swap agreements or other commodities contracts (A) in the ordinary course of business and (B) in accordance with established risk management policies or practices or otherwise approved by the Board of Directors or a committee thereof and Liens in connection with leases (other than capital leases) made, or existing on property acquired, in the ordinary course of business;

(f) easements (including, without limitation, reciprocal easement agreements and utility agreements), zoning restrictions, rights-of-way, covenants, consents, reservations, encroachments, variations and other restrictions on the use of property or minor irregularities in title thereto, charges or encumbrances (whether or not recorded) affecting the use of real property and, which are incidental to, and do not materially impair the use of such property in the operation of the business of the Company and its Subsidiaries, taken as a whole, or the value of such property for the purpose of such business;

(g) Liens in favor of the United States of America, any State, any foreign country or any department, agency or instrumentality or political subdivision of any such jurisdiction, to secure partial, progress, advance or other payments pursuant to any contract or statute or to secure any Debt incurred for the purpose of financing all or any part of the purchase price or the cost of constructing or improving the property subject to such Liens, including, without limitation, Liens to secure Debt of the pollution control or industrial revenue bond type;

(h) Liens of any kind upon any property acquired, constructed, developed or improved by the Company or any Principal Subsidiary (whether alone or in association with others) after the date of this Indenture that are created prior to, at the time of, or within 12 months after such acquisition (or in the case of property constructed, developed, or improved, after the completion of such construction, development or improvement and commencement of full commercial operation of such property, whichever is later) to secure or provide for the payment of any part of the purchase price or cost thereof; *provided*, that in the case of such construction, development or improvement the Liens shall not apply to any property theretofore owned by the Company or any Principal Subsidiary other than theretofore unimproved real property;

(i) Liens in favor of the Company, one or more Principal Subsidiaries, one or more Guarantors or any of the foregoing in combination;

(j) the replacement, extension or renewal (or successive replacements, extensions or renewals), as a whole or in part, of any Lien, or of any agreement, referred to in the clauses above, or the replacement, extension or renewal of the Debt secured thereby (not exceeding the principal amount of Debt secured thereby, other than to provide for the payment of any underwriting or other fees related to any such replacement, extension or renewal, as well as any premiums owed on and accrued and unpaid interest payable in connection with any such replacement, extension or renewal); *provided*, that such replacement, extension or renewal is limited to all or a part of the same property that secured the Lien replaced, extended or renewed (plus improvements thereon or additions or accessions thereto); or

(k) any Lien not excepted by the foregoing clauses (a) through (j); *provided*, that immediately after the creation or assumption of such Lien the aggregate principal amount of Debt of the Company or any Principal Subsidiary secured by all Liens created or assumed under the provisions of this clause (k), together with the amount of all Attributable Debt in respect of the Sale-Leaseback Transactions incurred under the exception in clause (b) of Section 3.09 and existing at such time shall not exceed an amount equal to 15% of the Consolidated Net Tangible Assets for the fiscal quarter or fiscal year, as applicable, that was most recently completed prior to the creation or assumption of such Lien.

SECTION 3.08. *Future Guarantees*. The Company shall cause each Subsidiary (other than a Guarantor) that becomes a guarantor or co-obligor of the Company's Funded Debt, within 90 days of such guarantee or co-obligation, to execute and deliver to the Trustee a supplement to this Indenture substantially in the form of Exhibit D hereto, executed by such Subsidiary, under which such Subsidiary shall become a Guarantor of the Securities on the terms and subject to the release and other provisions, as set forth in Article IX of this Indenture.

SECTION 3.09. *Limitations on Sale and Lease-Back Transactions* . While the Securities remain outstanding, the Company shall not, nor may it permit any Principal Subsidiary to, engage in a Sale-Leaseback Transaction, unless:

(a) the Sale-Leaseback Transaction occurs within one year from the date of acquisition of the Principal Property subject thereto or the date of the completion of construction or commencement of full operations on such Principal Property, whichever is later, and the Company shall have elected to designate, as a credit against (but not exceeding) the purchase price or cost of construction of such Principal Property, an amount equal to all or a portion of the net sale proceeds from such Sale-Leaseback Transaction (with any such amount not being so designated to be applied as set forth in clause (c) below);

(b) the Company or such Principal Subsidiary would be entitled to incur Debt secured by a Lien on the Principal Property subject to the Sale-Leaseback Transaction in a principal amount equal to or exceeding the Attributable Debt with respect to such Sale-Leaseback Transaction without equally and ratably securing the Securities; or

(c) the Company or such Principal Subsidiary, within a 270-day period after such Sale-Leaseback Transaction, applies or causes to be applied an amount not less than the net sale proceeds from such Sale-Leaseback Transaction to (1) the prepayment, repayment, redemption or retirement of any unsubordinated Debt of the Company or any Subsidiary of the Company or (2) investment in another Principal Property.

SECTION 3.10. *Change of Control Offer*. Upon the occurrence of a Change of Control Triggering Event with respect to a series of Securities, each Holder of Securities of that series shall have the right to require the Company to purchase all or any part (equal to \$2,000 or an integral multiple of \$1,000 in excess thereof) of the Holder's Securities of such series at a purchase price in cash equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to, but not including, the date of purchase; *provided, however*, that if such date of purchase is after the taking of a record of the Holders on a record date and on or prior to the related Interest Payment Date, the accrued and unpaid interest shall be payable to the Person in whose name the repurchased Securities are registered on such record date. Notwithstanding the foregoing, the Company shall have no obligation to repurchase any Securities pursuant to this Section 3.10 to the extent that the Company shall have exercised its right to redeem the Securities of that series pursuant to Section 10.07.

For purposes of this Section 3.10, the term "Change of Control" means the occurrence of any one of the following:

(a) the sale, lease, transfer, conveyance or other disposition (other than by way of merger, amalgamation or consolidation), in one or a series of related transactions, of all or substantially all of the assets of the Company and the Subsidiaries taken as a whole to any "person" (as that term is used in Section 13(d)(3) of the Exchange Act) other than to the Company or one or more of the Subsidiaries or a combination thereof or a Person controlled by the Company or one or more of the Subsidiaries or a combination thereof; or

(b) the consummation of any transaction (including without limitation, any merger, amalgamation or consolidation) the result of which is that any “person” (as that term is used in Section 13(d)(3) of the Exchange Act) (other than any Subsidiary) becomes the “beneficial owner” (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of more than 50% of the outstanding Voting Stock of the Company, measured by voting power rather than number of shares.

Notwithstanding the foregoing, a transaction shall not be deemed to involve a “Change of Control” under clause (b) above if (i) the Company becomes a direct or indirect wholly owned Subsidiary of a holding company and (ii)(A) the direct or indirect holders of the Voting Stock of such holding company immediately following such transaction are substantially the same as the holders of the Voting Stock of the Company immediately prior to such transaction or (B) immediately following such transaction no “person” (as that term is used in Section 13(d)(3) of the Exchange Act) (other than a holding company satisfying the requirements of this sentence) is the “beneficial owner” (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of more than 50% of the outstanding Voting Stock of such holding company, measured by voting power rather than number of shares.

For purposes of this Section 3.10, the term “Change of Control Triggering Event” means, with respect to a series of Securities, the ratings of the Securities of such series are lowered by at least two of the three Rating Agencies and the Securities of such series cease to be rated Investment Grade by at least two of the three Rating Agencies in any case on any date during the period (the “Trigger Period”) commencing on the date of the first public announcement by the Company of any Change of Control (or pending Change of Control) and ending 60 days following consummation of such Change of Control (which 60-day period will be extended for so long as the rating of the Securities of such series is under publicly announced consideration for a possible downgrade as a result of the Change of Control by any of the Rating Agencies). Notwithstanding the foregoing, no Change of Control Triggering Event will be deemed to have occurred in connection with any particular Change of Control unless and until such Change of Control has actually been consummated.

Within 60 days following the date upon which the Change of Control Triggering Event with respect to a series of Securities has occurred, or at the Company’s option, prior to any Change of Control but after the public announcement of the transaction that constitutes or may constitute the Change of Control, except to the extent that the Company shall have exercised its right to redeem the Securities of that series pursuant to Section 10.07, the Company shall send a notice (a “Change of Control Offer”) to each Holder of Securities of such series with a copy to the Trustee, which notice will govern the terms of the Change of Control Offer, stating:

(1) that a Change of Control Triggering Event with respect to the Securities of such series has occurred and that such Holder has the right to require the Company to purchase such Holder’s Securities of the series at a purchase price in cash equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of purchase (subject to the right of holders of record on a record date to receive interest on the relevant Interest Payment Date as provided in the first paragraph of this Section 3.10);

(2) the circumstances regarding such Change of Control Triggering Event;

(3) the purchase date (which shall be (i) no earlier than 30 days nor later than 60 days from the date such notice is sent, if sent after consummation of the Change of Control and (ii) on the date of the Change of Control, if such notice is sent prior to consummation of the Change of Control, in each case, other than as may be required by law) (such date, the “Change of Control Payment Date”); and

(4) the instructions that a Holder must follow in order to have its Securities of that series purchased.

Holders of Securities electing to have Securities purchased pursuant to a Change of Control Offer will be required to surrender their Securities of the applicable series, with the form entitled “Option of Holder to Elect Purchase” on the reverse of the Security completed, to the Paying Agent at the address specified in the notice, or transfer their Securities to the Paying Agent by book-entry transfer pursuant to the Applicable Procedures, prior to the close of business on the third Business Day prior to the Change of Control Payment Date.

On the Change of Control Payment Date, all Securities purchased by the Company under this Section shall be delivered to the Trustee for cancellation, and the Company shall pay the purchase price plus accrued and unpaid interest to the Holders entitled thereto.

The Company may make a Change of Control Offer in advance of a Change of Control and the Change of Control Payment Date, and its Change of Control Offer may be conditioned upon such Change of Control, if a definitive agreement is in place for the Change of Control at the time of making the Change of Control Offer.

If Holders of not less than 90% in aggregate principal amount of the outstanding Securities of a series validly tender and do not withdraw the Securities of such series in a Change of Control Offer and the Company, or any third party making a Change of Control Offer in lieu of the Company, as described below, purchases all of the Securities of such series validly tendered and not withdrawn by such Holders, the Company will have the right, upon not less than 20 nor more than 60 days’ prior notice, given in conformity with Section 11.02 not more than 30 days following such purchase pursuant to the Change of Control Offer described above, to redeem all Securities of such series that remain outstanding following such purchase at a Redemption Price in cash equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to, but not including, the Redemption Date (subject to the right of holders of record on the relevant record date to receive interest on the relevant Interest Payment Date).

The Company shall have no obligation to make a Change of Control Offer if a third party makes such an offer in the manner, at the times and otherwise in compliance with the requirements of this Section 3.10 for such an offer made by the Company, and such third party purchases all Securities properly tendered and not withdrawn under its offer.

The Company shall comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations in connection with the

repurchase of Securities pursuant to a Change of Control Offer. To the extent that the provisions of any securities laws or regulations conflict with this Section 3.10, the Company shall comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations by virtue thereof.

ARTICLE IV CONSOLIDATION, MERGER AND SALE

SECTION 4.01. *Limitation on Mergers and Consolidations* . The Company shall consolidate or amalgamate with or merge with or into any Person, or sell, lease, transfer, convey or otherwise dispose of all or substantially all of the Company's assets to any Person, whether in a single transaction or a series of related transactions, unless: (a) either (i) the Company shall be the surviving Person in the case of a merger or (ii) the resulting, surviving or transferee Person if other than the Company (the "Successor Company") shall be a partnership, limited liability company or corporation organized and existing under the laws of the United States, any state thereof or the District of Columbia and the Successor Company shall expressly assume, by an indenture supplemental hereto, executed and delivered to the Trustee, in form reasonably satisfactory to the Trustee, the due and punctual payment of the principal of, premium, if any, and interest on all of the Securities, and the due and punctual performance or observance of all the other obligations under the Indenture to be performed or observed by the Company; (b) immediately after giving effect to such transaction or series of transactions (and treating any Debt that becomes an obligation of the Successor Person or any Subsidiary of the Successor Person as a result of such transaction or series of transactions as having been incurred by the Successor Person or such Subsidiary at the time of such transaction or series of transactions), no Default or Event of Default would occur or be continuing; and (c) the Company shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that such consolidation, amalgamation, merger, sale, conveyance, transfer, lease or other disposition and such supplemental indenture (if any) comply with this Section 4.01 and any other applicable provisions of the Indenture.

SECTION 4.02. *Successors Substituted* . In case of any consolidation, amalgamation or merger where the Company is not the continuing Person, or disposition of all or substantially all of the assets of the Company in accordance with Section 4.01, the Successor Company shall succeed to and be substituted for the Company with the same effect as if it had been named herein as the respective party to this Indenture, and the predecessor entity shall be released from all liabilities and obligations under this Indenture and the Securities, except that no such release will occur in the case of a lease of all or substantially all of the Company's assets. In case of any such consolidation, amalgamation, merger, sale, conveyance, transfer, lease or other disposition, such changes in phraseology and form (but not in substance) may be made in the Securities thereafter to be issued as may be appropriate.

ARTICLE V DEFAULTS AND REMEDIES

SECTION 5.01. *Events of Default* . "Event of Default" means, with respect to a series of Securities, any one of the following events (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(i) default in the payment of the principal of or premium, if any, on any Security of such series either, at its Maturity, upon any redemption, by declaration or otherwise; or

(ii) default in the payment of interest upon any Security of such series when they become due and payable, and continuance of such default for a period of 30 days; or

(iii) default in the observance or performance, or breach, of any covenant of the Company or a Guarantor in any Security of such series or this Indenture applicable to such series of Securities (other than a covenant a default in whose performance or whose breach is elsewhere in this Section 5.01 specifically dealt with), and continuance of such default or breach for a period of 90 days after there has been given, in conformity with Section 11.02, to the Company and the Guarantors by the Trustee or to the Company, the Guarantors and the Trustee by the Holders of at least 25% in aggregate principal amount of the outstanding Securities of such series a notice specifying such default or breach and requiring it to be remedied and stating that such notice is a "Notice of Default" hereunder; or

(iv) the entry by a court having jurisdiction in the premises of (A) a decree or order for relief in respect of the Company or a Guarantor in an involuntary case or proceeding under any applicable Bankruptcy Law or (B) a decree or order adjudging the Company or a Guarantor a bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Company or a Guarantor under any applicable Bankruptcy Law, or appointing a custodian, receiver, receiver and manager, interim receiver, administrator, monitor, liquidator, assignee, trustee, sequestrator or other similar official of the Company or a Guarantor or of any substantial part of the property of the Company or a Guarantor, or ordering the winding up or liquidation of the affairs of the Company or a Guarantor, and the continuance of any such decree or order for relief or any such other decree or order unstayed and in effect for a period of 90 consecutive days; or

(v) the commencement by the Company or a Guarantor of a voluntary case or proceeding under any applicable Bankruptcy Law or of any other case or proceeding to be adjudicated a bankrupt or insolvent, or the consent by either of them to the entry of a decree or order for relief in respect of the Company or a Guarantor in an involuntary case or proceeding under any applicable Bankruptcy Law or to the commencement of any bankruptcy or insolvency case or proceeding against any of them, or the filing by any of them of a petition or answer or consent seeking reorganization or relief under any applicable Bankruptcy Law, or the consent by any of them to the filing of such petition or to the appointment of or taking possession by a custodian, receiver, receiver and manager, interim receiver,

administrator, monitor, liquidator, assignee, trustee, sequestrator or similar official of the Company or a Guarantor or of any substantial part of the property of the Company or a Guarantor, or the making by either of them of an assignment for the benefit of creditors, or the admission by either of them in writing of its inability to pay its debts generally as they become due, or the taking of corporate action by the Company or the Guarantor in furtherance of any such action; or

(vi) a Guarantee by a Guarantor of the Securities of such series ceases to be in full force and effect or become unenforceable or invalid or are declared null and void (other than in accordance with the terms of such Guarantee) or a Guarantor denies or disaffirms its obligations under such Guarantee.

The Trustee shall not be deemed to know of a Default or Event of Default unless a Responsible Officer at the Corporate Trust Office of the Trustee has actual knowledge of such Default or Event of Default or the Trustee receives notice given in accordance with Section 11.02, at the Corporate Trust Office of the Trustee, of such Default or Event of Default with specific reference to such Default, the Securities and this Indenture.

When a Default is cured, or when an Event of Default is deemed cured pursuant to Section 5.04, such Default, or Event of Default, as the case may be, ceases.

SECTION 5.02. Acceleration . If an Event of Default (other than an Event of Default specified in clause (iv) or (v) of Section 5.01) occurs and is continuing with respect to a series of Securities, the Trustee by notice to the Company and the Guarantors given in conformity with Section 11.02, or the Holders of at least 25% in aggregate principal amount of the then outstanding Securities of that series by notice to the Company, the Guarantors and the Trustee given in conformity with Section 11.02, may declare the principal of, premium, if any, and accrued and unpaid interest on all then outstanding Securities of that series to be due and payable immediately. Upon any such declaration the amounts due and payable on the Securities of such series, as determined in accordance with the final paragraph of this Section 5.02, shall be due and payable immediately. If an Event of Default specified in clause (iv) or (v) of Section 5.01 occurs, the principal of, premium, if any, and interest on all Securities then outstanding shall *ipso facto* become and be immediately due and payable without any declaration, notice or other act on the part of the Trustee or any Holder.

At any time after such an acceleration of a series of Securities has occurred and before a judgment for payment of the money due has been obtained by the Trustee as hereinafter in this Article V provided, the Holders of a majority in aggregate principal amount of the outstanding Securities of that series, by notice to the Company, the Guarantors and the Trustee given in conformity with Section 11.02, may rescind and annul such acceleration and its consequences if:

(1) the Company or a Guarantor has paid or deposited with the Trustee a sum sufficient to pay:

(A) the principal of and premium, if any, on any Securities of that series which have become due otherwise than by such declaration of acceleration and any interest thereon then due at the rate or rates prescribed therefor in such Securities or in this Indenture,

(B) to the extent that payment of such interest is lawful, interest upon overdue interest at the rate or rates prescribed therefor in such Securities or in this Indenture, and

(C) all sums paid or advanced by the Trustee hereunder and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel; and

(2) all Events of Default, other than the non-payment of the principal of Securities which have become due solely by such declaration of acceleration, have been cured or waived as provided in Section 5.04.

No such rescission shall affect any subsequent Event of Default or impair any right consequent thereon.

If the Maturity of the Securities is accelerated pursuant to this Section 5.02, 100% of the principal amount thereof and premium, if any, shall become due and payable plus accrued and unpaid interest to the date of payment.

SECTION 5.03. *Other Remedies* . If an Event of Default with respect to a series of Securities occurs and is continuing, the Trustee may pursue any available remedy to collect the payment of principal of, premium, if any, or interest on the Securities or to enforce the performance of any provision of the Securities of that series, the related Guarantees or this Indenture.

The Trustee may maintain a proceeding even if it does not possess any of the Securities or does not produce any of them in the proceeding. A delay or omission by the Trustee or any Holder in exercising any right or remedy accruing upon an Event of Default shall not impair the right or remedy or constitute a waiver of or acquiescence in the Event of Default. All remedies are cumulative to the extent permitted by law.

SECTION 5.04. *Waiver of Existing Defaults* . Subject to Sections 5.07 and 8.02, the Holders of a majority in aggregate principal amount of the Securities of any series then outstanding, by notice to the Trustee given in conformity with Section 11.02, may waive an existing Default or Event of Default with respect to that series and its consequences (including waivers obtained in connection with a tender offer or exchange offer for such Securities or a solicitation of consents in respect of such Securities, *provided* that in each case such offer or solicitation is made to all Holders of the Securities of that series then outstanding on equal terms), except (1) a continuing Default or Event of Default in the payment of the principal of or premium, if any, or interest on the Securities of that series or (2) a continuing Default relating to that series in respect of a provision that under Section 8.02 cannot be amended without the consent of each Holder affected. Upon any such waiver, such Default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other Default or impair any right consequent thereon.

SECTION 5.05. *Control by Majority* . The Holders of a majority in aggregate principal amount of any series of Securities then outstanding may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee with respect to that series or exercising any trust or power conferred on it hereunder with respect to that series. The Trustee, however, may refuse to follow any direction that conflicts with applicable law or this Indenture that the Trustee determines may be unduly prejudicial to the rights of other Holders, or that may involve the Trustee in personal liability; *provided, however* , that the Trustee may take any other action deemed proper by the Trustee that is not inconsistent with such direction. Prior to taking any action hereunder, the Trustee shall receive reasonable indemnification from such Holders satisfactory to it against all losses and expenses caused by taking or not taking such action subject to the Trustee's duty to act with the required standard of care during a default.

SECTION 5.06. *Limitations on Suits* . Subject to Section 5.07, a Holder of Securities of any series may pursue a remedy with respect to this Indenture (including the Guarantees) or the Securities of that series only if:

- (i) such Holder gives to the Trustee notice in conformity with Section 11.02 of a continuing Event of Default with respect to that series;
- (ii) the Holders of at least 25% in aggregate principal amount of the Securities of such series then outstanding make a written request to the Trustee to pursue the remedy;
- (iii) such Holder or Holders offer to furnish to the Trustee indemnity reasonably satisfactory to the Trustee against any loss, liability or expense;
- (iv) the Trustee does not comply with the request within 60 days after receipt of the request and the furnishing of such indemnity; and
- (v) during such 60-day period the Holders of a majority in aggregate principal amount of the Securities of such series then outstanding do not give the Trustee a direction inconsistent with the request.

A Holder may not use this Indenture to prejudice the rights of another Holder or to obtain a preference or priority over another Holder (it being understood that the Trustee does not have an affirmative duty to ascertain whether or not such action or forbearances are unduly prejudicial to such Holders).

SECTION 5.07. *Rights of Holders to Receive Payment* . Notwithstanding any other provision of this Indenture, the right of any Holder of a Security to receive payment of principal of and premium, if any, and interest on the Security, on or after the respective due dates expressed in the Security, or to bring suit against the Company or the Guarantors for the enforcement of any such payment on or after such respective dates, is absolute and unconditional and shall not be impaired or affected without the consent of such Holder.

SECTION 5.08. *Collection Suit by Trustee* . If an Event of Default specified in clause (i) or (ii) of Section 5.01 occurs with respect to a series of Securities and is continuing, the Trustee is authorized to recover judgment in its own name and as trustee of an express trust against the Company and the Guarantors (i) for the amount of principal of and premium, if any, and interest remaining unpaid on any Securities of such series and (ii) interest on overdue principal, premium, if any, and, to the extent lawful, interest on overdue interest, and such further amount as shall be sufficient to cover the reasonable and documented costs and expenses of collection, including the reasonable and documented compensation, expenses, disbursements and advances of the Trustee, its agents and counsel.

SECTION 5.09. *Trustee May File Proofs of Claim* . The Trustee is authorized to file such proofs of claim and other papers or documents and to take such actions, including participating as a member, voting or otherwise, of any committee of creditors, as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and the Holders allowed in any judicial proceedings relative to the Company and the Guarantors or their respective creditors or properties and shall be entitled and empowered to collect, receive and distribute any money or other property payable or deliverable on any such claims and any Custodian in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee, and in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 6.07. To the extent that the payment of any such compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 6.07 out of the estate in any such proceeding, shall be denied for any reason, payment of the same shall be secured by a lien on, and shall be paid out of, any and all distributions, dividends, money, securities and other properties which the Holders of the Securities may be entitled to receive in such proceeding whether in liquidation or under any plan of reorganization or arrangement or otherwise. Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Securities or the rights of any Holder thereof, or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

SECTION 5.10. *Priorities* . If the Trustee collects any money pursuant to this Article V, it shall pay out the money in the following order:

First: to the Trustee for amounts due under this Indenture;

Second: to Holders for amounts due and unpaid on the Securities for principal, premium, if any, and interest ratably, without preference or priority of any kind, according to the amounts due and payable on the Securities for principal, premium, if any, and interest, respectively; and

Third: to the Company and the Guarantors.

The Trustee, upon prior notice to the Company and the Guarantors in conformity with Section 11.02, may fix a record date and payment date for any payment to Holders pursuant to this Article V. At least 15 days before such record date, the Trustee shall send to each Holder and the Company a notice that states the record date, the payment date and amount to be paid.

SECTION 5.11. *Undertaking for Costs* . In any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken or omitted by it as a trustee, a court in its discretion may require the filing by any party litigant in the suit of an undertaking to pay the costs of the suit, and the court in its discretion may assess reasonable costs, including reasonable attorneys' fees, against any party litigant in the suit, having due regard to the merits and good faith of the claims or defenses made by the party litigant. This Section 5.11 does not apply to a suit by the Trustee, a suit by a Holder pursuant to Section 5.07, or a suit by a Holder or Holders of more than 10% in aggregate principal amount of the Securities then outstanding.

ARTICLE VI TRUSTEE

SECTION 6.01. *Duties of Trustee* .

(a) If an Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in such exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(b) Except during the continuance of an Event of Default:

(i) the Trustee need perform only those duties that are specifically set forth in this Indenture and no others, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(ii) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture. However, the Trustee shall examine such certificates and opinions to determine whether or not, on their face, they appear to conform to the requirements of this Indenture (but need not confirm or investigate the accuracy of mathematical calculations or other facts stated therein).

(c) The Trustee may not be relieved from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(i) this paragraph does not limit the effect of paragraph (b) of this Section 6.01;

(ii) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it is proved that the Trustee was negligent in ascertaining the pertinent facts; and

(iii) the Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 5.05.

(d) Whether or not therein expressly so provided, every provision of this Indenture that in any way relates to the Trustee is subject to paragraphs (a), (b) and (c) of this Section 6.01.

(e) No provision of this Indenture shall require the Trustee to expend or risk its own funds or incur any liability. The Trustee may refuse to perform any duty or exercise any right or power unless it receives indemnity satisfactory to it against any loss, liability or expense.

(f) The Trustee shall not be liable for interest on any money received by it except as the Trustee may agree in writing with the Company. Money held in trust by the Trustee need not be segregated from other funds except to the extent required by law. All money received by the Trustee shall, until applied as herein provided, be held in trust for the payment of the principal of and premium, if any, and interest on the Securities.

(g) In no event shall the Trustee be responsible or liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action.

SECTION 6.02. *Rights of Trustee* .

(a) The Trustee may rely conclusively on any resolution, certificate, statement, direction, consent, order, bond, note or other paper or document believed by it to be genuine and to have been signed or presented by the proper Person. The Trustee need not investigate any fact or matter stated in any such paper or document.

(b) Before the Trustee acts or refrains from acting, it may require an Officer's Certificate or an Opinion of Counsel or both. The Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on such Officer's Certificate or Opinion of Counsel. The Trustee may consult with counsel of its selection and the advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(c) The Trustee may act through agents or attorneys and shall not be responsible for the misconduct or negligence of any agent or attorney appointed with due care.

(d) The Trustee shall not be liable for any action it takes or omits to take in good faith which it believes to be authorized or within its rights or powers conferred upon it by this Indenture.

(e) Unless otherwise specifically provided in this Indenture, any demand, request, direction or notice from the Company or any Guarantor shall be sufficient if signed by an Officer of the Company or such Guarantor, as the case may be.

(f) The Trustee is not required to give any bond or surety with respect to the performance of its duties or the exercise of its powers under this Indenture.

(g) In the event the Trustee receives inconsistent or conflicting requests and indemnity from two or more groups of Holders of Securities of a series, each representing less than a majority in aggregate principal amount of the outstanding Securities of such series, pursuant to the provisions of this Indenture, the Trustee may determine what action, if any, shall be taken.

(h) The Trustee's immunities and protections from liability and its right to indemnification in connection with the performance of its duties under this Indenture shall extend and be enforceable by the Trustee in each of its capacities hereunder and shall extend to the Trustee's officers, directors, agents, attorneys and employees. Such immunities and protections and right to indemnity, together with the Trustee's right to compensation and reimbursement, shall survive the Trustee's resignation or removal, the discharge of this Indenture and final payment of the Securities.

(i) The permissive right of the Trustee to take the actions permitted by this Indenture shall not be construed as an obligation or duty to do so.

(j) Except for information provided by the Trustee concerning the Trustee, the Trustee shall have no responsibility for any information in the Offering Memorandum or other disclosure material distributed with respect to the Securities, and the Trustee shall have no responsibility for compliance with any U.S. Federal or State securities or employee benefit plan laws in connection with the Securities.

(k) The Trustee may request that the Company or the Guarantors, as the case may be, deliver an Officer's Certificate setting forth the names of individuals or titles of officers authorized at such time to take specified actions pursuant to this Indenture, which Officer's Certificate may be signed by any person authorized to sign an Officer's Certificate, including any person specified as so authorized in any such certificate previously delivered and not superseded.

SECTION 6.03. *Individual Rights of Trustee* . The Trustee in its individual or any other capacity may become the owner or pledgee of Securities and may otherwise deal with the Company, the Guarantors or any of their Affiliates with the same rights it would have if it were not the Trustee. Any Agent may do the same with like rights. However, the Trustee is subject to Sections 6.10 and 6.11.

SECTION 6.04. *Trustee's Disclaimer* . The Trustee makes no representation as to the validity or adequacy of this Indenture, the Securities or the Guarantees, it shall not be accountable for the Company's use of the proceeds from the Securities or any money paid to the Company or upon the Company's direction under any provision hereof, it shall not be

responsible for the use or application of any money received by any Paying Agent other than the Trustee and it shall not be responsible for any statement or recital herein or any statement in the Securities other than its certificate of authentication.

SECTION 6.05. *Notice of Defaults* . If a Default or Event of Default with respect to a series of Securities occurs and is continuing and it is actually known to a Responsible Officer of the Trustee, the Trustee shall send to Holders of such Securities a notice of such Default or Event of Default within 90 days after it occurs. Except in the case of a Default or Event of Default in payment of principal of or premium, if any, or interest on any Security, the Trustee may withhold the notice if and so long as it in good faith determines that withholding the notice is in the interests of Holders.

SECTION 6.06. *Reports by Trustee to Holders* . By June 1 of each year, beginning with June 1, 2016 the Trustee shall send to Holders a brief report dated no earlier than May 15 of such year that complies with TIA Section 313(a); *provided, however* , that if no event described in TIA Section 313(a) has occurred within the 12 months preceding the reporting date, no report need be transmitted. The Trustee also shall comply with TIA Section 313(b). The Trustee shall also deliver all reports as required by TIA Sections 313(c) and 313(d).

A copy of each report at the time it is sent to Holders shall be filed with the SEC and each securities exchange, if any, on which the Securities of any series are listed. The Company shall notify the Trustee in the manner provided in Section 11.02 if and when the Securities are listed on, or delisted from, any securities exchange.

SECTION 6.07. *Compensation and Indemnity* . The Company and the Guarantors jointly and severally agree to pay to the Trustee from time to time such compensation as agreed to by the Company, the Guarantors and the Trustee, for its acceptance of this Indenture and its services hereunder. The Trustee's compensation shall not be limited by any law on compensation of a trustee of an express trust. The Company and the Guarantor jointly and severally agree to reimburse the Trustee upon request for all reasonable and documented disbursements, advances and expenses incurred by it. Such expenses shall include the reasonable compensation, disbursements and expenses of the Trustee's agents and counsel.

The Company and the Guarantors jointly and severally agree to indemnify the Trustee or any predecessor Trustee and their agents, employees, officers and directors for and to hold them harmless against any and all loss, liability, damage, claim, or expense (including reasonable and documented fees and expenses of counsel and taxes, other than taxes based upon, measured by or determined by the income of the Trustee) incurred by it arising out of or in connection with this Indenture or the administration of this trust, including the reasonable and documented costs and expenses of enforcing this Indenture against the Company and of defending itself against any claim (whether asserted by the Company, any Guarantor, any Holder or any other Person), except as set forth in the next paragraph. The Trustee shall notify the Company and the Guarantors promptly of any claim for which it may seek indemnity; however, failure to give such notice shall not relieve the Company or the Guarantors of their obligations. The Company shall defend the claim and the Trustee shall cooperate in the defense. The Trustee may have separate counsel, and the Company and the Guarantors shall pay the reasonable fees and expenses of such counsel. The Company need not pay for any settlement made without its consent, which consent shall not be unreasonably withheld.

Notwithstanding anything herein to the contrary, neither the Company nor the Guarantors shall be obligated to reimburse any fee or expense or indemnify against any loss, liability, damage, claim or expense incurred by the Trustee through negligence or willful misconduct.

To secure the payment obligations of the Company and the Guarantors in this Section 6.07, the Trustee shall have a lien prior to the Securities on all money or property held or collected by the Trustee, except that held in trust to pay principal of and premium, if any, and interest on the Securities. Such lien shall survive the satisfaction and discharge of this Indenture.

When the Trustee incurs expenses or renders services after an Event of Default specified in Section 5.01(iv) or (v) occurs, the expenses and the compensation for the services are intended to constitute expenses of administration under any Bankruptcy Law.

SECTION 6.08. *Replacement of Trustee* . A resignation or removal of the Trustee and appointment of a successor Trustee shall become effective only upon the successor Trustee's acceptance of appointment as provided in this Section 6.08.

The Trustee may resign and be discharged from the trust hereby created by so notifying the Company and the Guarantors. The Holders of a majority in aggregate principal amount of the then outstanding Securities of all series, voting as a single class, may remove the Trustee by so notifying the Trustee and the Company. The Company may remove the Trustee if:

- (i) the Trustee fails to comply with Section 6.10;
- (ii) the Trustee is adjudged a bankrupt or an insolvent or an order for relief is entered with respect to the Trustee under any Bankruptcy Law;
- (iii) a Custodian or public officer takes charge of the Trustee or its property; or
- (iv) the Trustee otherwise becomes incapable of acting.

If the Trustee resigns or is removed or if a vacancy exists in the office of Trustee for any reason, the Company and the Guarantors shall promptly appoint a successor Trustee. Within one year after the successor Trustee takes office, the Holders of a majority in aggregate principal amount of the Securities of all series then outstanding, voting as a single class, may appoint a successor Trustee to replace the successor Trustee appointed by the Company.

If a successor Trustee does not take office within 30 days after the retiring Trustee resigns or is removed, the retiring Trustee, the Company or the Holders of at least 10% in aggregate principal amount of the Securities of all series then outstanding, voting as a single class, may petition any court of competent jurisdiction at the expense of the Company for the appointment of a successor Trustee.

If the Trustee fails to comply with Section 6.10, any Holder may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee and to the Company and the Guarantors. Thereupon, the resignation or removal of the retiring Trustee shall become effective, and the successor Trustee shall have all the rights, powers and duties of the Trustee under this Indenture. The successor Trustee shall send a notice of its succession to Holders. The retiring Trustee shall promptly transfer all property held by it as Trustee to the successor Trustee, subject to the lien provided for in Section 6.07. Notwithstanding replacement of the Trustee pursuant to this Section 6.08, the obligations of the Company and the Guarantors under Section 6.07 shall continue for the benefit of the retiring Trustee.

SECTION 6.09. *Successor Trustee by Merger, etc.* . Subject to Section 6.10, if the Trustee consolidates, merges or converts into, or transfers all or substantially all of its corporate trust business to, another business entity, such entity without any further act shall be the successor Trustee; *provided, however* , that in the case of a transfer of all or substantially all of its corporate trust business to another corporation, the transferee corporation expressly assumes all of the Trustee's liabilities hereunder.

In case any Securities shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Trustee may adopt such authentication and deliver the Securities so authenticated; and in case at that time any of the Securities shall not have been authenticated, any successor to the Trustee may authenticate such Securities either in the name of any predecessor hereunder or in the name of the successor to the Trustee; and in all such cases such certificates shall have the full force which it is anywhere in the Securities or in this Indenture provided that the certificate of the Trustee shall have.

SECTION 6.10. *Eligibility; Disqualification* . There shall at all times be a Trustee hereunder which shall be a corporation organized and doing business under the laws of the United States of America, any State thereof or the District of Columbia and authorized under such laws to exercise corporate trust power, shall be subject to supervision or examination by Federal or State (or the District of Columbia) authority and shall have, or be a Subsidiary of a bank or bank holding company having, a combined capital and surplus of at least \$50 million as set forth in its most recent published annual report of condition.

This Indenture shall always have a Trustee that satisfies the requirements of TIA Sections 310(a)(1), 310(a)(2) and 310(a)(5). The Trustee is subject to and shall comply with the provisions of TIA Section 310(b) during the period of time required by this Indenture. Nothing in this Indenture shall prevent the Trustee from filing with the SEC the application referred to in the penultimate paragraph of TIA Section 310(b).

SECTION 6.11. *Preferential Collection of Claims Against Company* . The Trustee is subject to and shall comply with the provisions of TIA Section 311(a), excluding any creditor relationship listed in TIA Section 311(b). A Trustee who has resigned or been removed shall be subject to TIA Section 311(a) to the extent indicated therein.

ARTICLE VII
DISCHARGE OF INDENTURE

SECTION 7.01. *Termination of Company's and Guarantors' Obligations* .

(a) *Satisfaction and Discharge of Indenture* . This Indenture shall cease to be of further effect with respect to a series of Securities (except as provided in the last paragraph of this Section 7.01(a)), and the Trustee, on demand of the Company, shall execute proper instruments acknowledging the satisfaction and discharge of this Indenture with respect to such series, when:

(1) either

(A) all outstanding Securities of such series theretofore authenticated and issued (other than destroyed, lost or wrongfully taken Securities that have been replaced or paid) have been delivered to the Trustee for cancellation; or

(B) all outstanding Securities of such series not theretofore delivered to the Trustee for cancellation:

(i) have become due and payable,

(ii) will become due and payable at their Stated Maturity within one year, or

(iii) will be scheduled for redemption by their terms within one year, and the Company, in the case of clause (i) or (ii) above or this clause (iii), has irrevocably deposited or caused to be irrevocably deposited with the Trustee as funds (immediately available to the Holders of such Securities in the case of clause (i)) in trust for such purpose an amount of cash or, in the case of clause (ii) or this clause (iii), U.S. Government Obligations or a combination thereof which, together with earnings thereon, will be sufficient, in the case of clause (i) or this clause (iii), in the opinion of a nationally recognized firm of certified public accountants expressed in a written certification thereof delivered to the Trustee, to pay and discharge the entire indebtedness on such Securities for principal, premium, if any, and interest to the date of such deposit (in the case of Securities which have become due and payable) or to the Stated Maturity or Redemption Date, as the case may be;

(2) the Company or any Guarantor has paid all other sums payable by them hereunder with respect to such series of Securities; and

(3) the Company has delivered to the Trustee an Officer's Certificate stating that all conditions precedent to satisfaction and discharge of this Indenture with respect to such series of Securities have been complied with, together with an Opinion of Counsel to the same effect.

However, the Company's obligations in Sections 2.03, 2.06, 2.07, 3.02 and 7.01, the Company's and the Guarantors' obligations in Sections 6.07, 6.08 and 7.04 and the Trustee's and Paying Agent's obligations in Section 7.03 shall survive the satisfaction and discharge of this Indenture until the Securities of such series are no longer outstanding. Thereafter, only the Company's and the Guarantors' obligations in Section 6.07 and the Trustee's and Paying Agent's obligations in Section 7.03 shall survive with respect to such series of Securities. For the avoidance of doubt, it is understood that the Company may discharge its obligations with respect to one series of Securities without discharging its obligations with respect to any other series of Securities.

(b) *Legal Defeasance* . The Company and the Guarantors may, subject as provided herein, terminate by legal defeasance all of their obligations under this Indenture with respect to a series of Securities if:

(i) the Company or the Guarantors have irrevocably deposited or caused to be irrevocably deposited with the Trustee as trust funds in trust for the purpose of making the following payments dedicated solely to the benefit of the Holders of such series of Securities (A) cash in an amount, or (B) U.S. Government Obligations, or (C) a combination thereof, sufficient, in the opinion of a nationally recognized firm of certified public accountants expressed in a written certification thereof delivered to the Trustee, to pay, without consideration of the reinvestment of any such amounts and after payment of all taxes or other charges or assessments in respect thereof payable by the Trustee, the principal of and premium, if any, and interest on all Securities of such series on each date that such principal, premium, if any, or interest is due and payable and to pay all other sums payable by it hereunder with respect to such series of Securities; *provided* that the Trustee shall have been irrevocably instructed to apply such money or the proceeds of such U.S. Government Obligations to the payment of said principal, premium, if any, and interest with respect to the Securities of such series as the same shall become due;

(ii) the Company has delivered to the Trustee an Officer's Certificate stating that all conditions precedent to such legal defeasance have been complied with, and an Opinion of Counsel to the same effect;

(iii) no Default or Event of Default with respect to such series of Securities shall have occurred and be continuing on the date of such deposit or, insofar as clauses (iv) and (v) of Section 5.01 are concerned, at any time during the period ending on the 91st day after the date of such deposit (it being understood that this condition shall not be deemed satisfied until the expiration of such period);

(iv) the Company shall have delivered to the Trustee an Opinion of Counsel from nationally recognized counsel acceptable to the Trustee to the effect that, based on a ruling of the Internal Revenue Service or a change in U.S. Federal income tax law occurring after the date of this Indenture, the Holders of Securities of such series will not recognize income, gain or loss for U.S. Federal income tax

purposes as a result of the Company's exercise of its option under this Section 7.01(b) and will be subject to U.S. Federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such option had not been exercised;

(v) such deposit and legal defeasance will not result in a breach or violation of, or constitute a default under, any other agreement or instrument to which the Company or the Guarantors are a party or by which it is bound;

(vi) such deposit and legal defeasance shall not cause the Trustee to have a conflicting interest as defined in TIA Section 310 (b); and

(vii) the Company shall have delivered to the Trustee an Opinion of Counsel to the effect that after the passage of 91 days following the deposit, the trust funds will not be subject to the effect of any applicable bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally.

In such event, payment of the Securities of such series may not be accelerated because of an Event of Default, Article IX and the other provisions of this Indenture shall cease to be of further effect (except as provided in the next succeeding paragraph), and the Trustee, on demand of the Company, shall execute proper instruments acknowledging such legal defeasance.

However, the Company's obligations in Sections 2.03, 2.06, 2.07, 3.02 and 7.01, the Company's and the Guarantors' obligations in Sections 6.07, 6.08 and 7.04 and the Trustee's and Paying Agent's obligations in Section 7.03 shall survive such legal defeasance with respect to such series of Securities until the Securities are no longer outstanding. Thereafter, only the Company's and the Guarantors' obligations in Section 6.07 and the Trustee's and Paying Agent's obligations in Section 7.03 shall survive with respect to such series of Securities. For the avoidance of doubt, it is understood that the Company may terminate by legal defeasance the obligations of the Company and the Guarantors with respect to one series of Securities without terminating their obligations with respect to the other series of Securities.

(c) *Covenant Defeasance*. The Company and the Guarantors may, subject as provided herein, be released from their respective obligations to comply with, and shall have no liability in respect of any term, condition or limitation, set forth in Sections 3.07, 3.08, 3.09 and 4.01 and in Article IX, and such omission to comply with any of Sections 3.07, 3.08, 3.09 and 4.01 and Article IX shall not constitute an Event of Default with respect to a series of Securities under Section 5.01 ("Covenant Defeasance"), with the remainder of this Indenture and such Securities unaffected thereby if:

(i) the Company or the Guarantors have irrevocably deposited or caused to be irrevocably deposited with the Trustee as trust funds in trust for the purpose of making the following payments dedicated solely to the benefit of the Holders of such series of Securities (A) cash in an amount, or (B) U.S. Government Obligations, or (C) a combination thereof, sufficient, in the opinion of a nationally recognized firm of certified public accountants expressed in a written certification thereof delivered to the Trustee, to pay, without consideration

of the reinvestment of any such amounts and after payment of all taxes or other charges or assessments in respect thereof payable by the Trustee, the principal of and premium, if any and interest on all Securities of such series on each date that such principal, premium, if any, or interest is due and payable and to pay all other sums payable by it hereunder with respect to such series of Securities; *provided* that the Trustee shall have been irrevocably instructed to apply such money or the proceeds of such U.S. Government Obligations to the payment of said principal, premium, if any, and interest with respect to the Securities as the same shall become due;

(ii) the Company has delivered to the Trustee an Officer's Certificate stating that all conditions precedent to the Covenant Defeasance contemplated by this provision have been complied with, and an Opinion of Counsel to the same effect;

(iii) no Default or Event of Default with respect to such series of Securities shall have occurred and be continuing on the date of such deposit or, insofar as clauses (iv) and (v) of Section 5.01 are concerned, at any time during the period ending on the 91st day after the date of such deposit (it being understood that this condition shall not be deemed satisfied until the expiration of such period);

(iv) the Company shall have delivered to the Trustee an Opinion of Counsel from nationally recognized counsel acceptable to the Trustee to the effect that the Holders of Securities of such series will not recognize income, gain or loss for U.S. Federal income tax purposes as a result of the Company's exercise of its option under this Section 7.01(c) and will be subject to U.S. Federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such option had not been exercised;

(v) such Covenant Defeasance will not result in a breach or violation of, or constitute a default under, any other agreement or instrument to which the Company or any of the Guarantors is a party or by which it is bound;

(vi) such Covenant Defeasance shall not cause the Trustee to have a conflicting interest as defined in TIA Section 310(b); and

(vii) the Company shall have delivered to the Trustee an Opinion of Counsel to the effect that after the passage of 91 days following the deposit, the trust funds will not be subject to the effect of any applicable bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally.

(d) In order to have money available on a payment date to pay principal of or premium, if any, or interest on the Securities, the U.S. Government Obligations shall be payable as to principal or interest on or before such payment date in such amounts as will provide the necessary money. U.S. Government Obligations shall not be callable at the issuer's option.

(e) The Company may exercise its option under Section 7.01(b) notwithstanding its prior exercise of its Covenant Defeasance option under Section 7.01(c).

(f) For the avoidance of doubt, it is understood that the Company may exercise its covenant defeasance option with respect to one series of Securities without affecting the obligations of the Company and the Guarantors with respect to the other series of Securities.

SECTION 7.02. *Application of Trust Money* . The Trustee or a trustee satisfactory to the Trustee and the Company shall hold in trust money or U.S. Government Obligations deposited with it pursuant to Section 7.01. It shall apply the deposited money and the money from U.S. Government Obligations through the Paying Agent and in accordance with this Indenture to the payment of principal of and premium, if any, and interest on Securities with respect to which the deposit was made.

SECTION 7.03. *Repayment to Company or a Guarantor* . The Trustee and the Paying Agent shall promptly pay to the Company or a Guarantor upon written request any excess money or securities held by them at any time. Subject to the requirements of any applicable abandoned property laws, the Trustee and the Paying Agent shall pay to the Company or a Guarantor upon written request any money held by them for the payment of principal of, premium, if any, or interest that remains unclaimed for two years after the date upon which such payment shall have become due; *provided, however* , that the Company shall have either caused notice of such payment to be sent to each Holder entitled thereto no less than 30 days prior to such repayment or within such period shall have published such notice in a financial newspaper of widespread circulation published in The City of New York. After payment to the Company, Holders entitled to the money must look to the Company for payment as unsecured general creditors unless an applicable abandoned property law designates another Person, and all liability of the Trustee and the Paying Agent with respect to such money shall cease.

SECTION 7.04. *Reinstatement* . If the Trustee or the Paying Agent is unable to apply any money or U.S. Government Obligations in accordance with Section 7.01 by reason of any legal proceeding or by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, the obligations of the Company and the Guarantors under this Indenture and the relevant series of Securities shall be revived and reinstated as though no deposit had occurred pursuant to Section 7.01 until such time as the Trustee or the Paying Agent is permitted to apply all such money or U.S. Government Obligations in accordance with Section 7.01; *provided, however* , that if the Company or the Guarantors have made any payment of principal of or interest on any Securities because of the reinstatement of its obligations, the Company or such Guarantor, as the case may be, shall be subrogated to the rights of the Holders of such Securities to receive such payment from the money or U.S. Government Obligations held by the Trustee or the Paying Agent.

ARTICLE VIII AMENDMENTS

SECTION 8.01. *Without Consent of Holders* . The Company, the Guarantors and the Trustee may amend or supplement this Indenture or the Securities of any series or waive any provision hereof or thereof without the consent of any Holder:

(i) to convey, transfer, assign, mortgage or pledge to the Trustee as security for the Securities of such series any property or assets;

(ii) to evidence the succession of another Person to the Company, or successive successions, and the assumption by the successor Person of the covenants, agreements and obligations of the Company pursuant to Section 4.01 or 4.02;

(iii) to add to the covenants of the Company or the Guarantors such further covenants, restrictions, conditions or provisions as the Company or the Guarantors and the Trustee shall consider to be for the protection of the Holders of Securities of such series, to surrender any right or power herein conferred upon the Company or the Guarantors, and to make the occurrence, or the occurrence and continuance, of a default in any such additional covenants, restrictions, conditions or provisions an Event of Default with respect to such series of Securities permitting the enforcement of all or any of the several remedies provided in this Indenture, *provided* that in respect of any such additional covenant, restriction, condition or provision such amendment or supplement may provide for a particular period of grace after default (which period may be shorter or longer than that allowed in the case of other defaults) or may provide for an immediate enforcement upon such an Event of Default or may limit the remedies available to the Trustee upon such an Event of Default or may limit the right of the Holders of a majority in aggregate principal amount of the Securities of such series to waive such an Event of Default;

(iv) to cure any ambiguity or omission or to correct or supplement any provision contained herein or in any supplemental indenture which may be defective or inconsistent with any other provision contained herein or in any supplemental indenture, *provided* that no such action shall adversely affect the interests of the Holders of the Securities of such series;

(v) to provide for uncertificated Securities of such series in addition to or in place of certificated Securities of such series, *provided* that the uncertificated Securities are issued in registered form for purposes of Section 163(f) of the Code;

(vi) to provide for the issuance of Exchange Securities of such series and related Guarantees or Additional Securities of such series and related Guarantees in accordance with this Indenture;

(vii) to effect or maintain, or otherwise comply with the requirements of the SEC in connection with, the qualification of this Indenture under the TIA;

(viii) to reflect the addition of a new Guarantor or release of any Guarantor from its Guarantee of the Securities of such series, in the manner provided herein;

(ix) to effect any provision of this Indenture;

(x) to conform the text of this Indenture or the Securities to the “Description of the Notes” set forth in the Offering Memorandum to the extent such provision in the “Description of the Notes” was intended to be a verbatim, or substantially verbatim, recitation of provision in this Indenture or the Securities (which intent may be evidenced by an Officer’s Certificate to such effect); or

(xi) to make any other change that does not adversely affect the rights of any Holder.

Upon the request of the Company and the Guarantors and upon receipt by the Trustee of the documents described in Section 8.06, the Trustee shall join with the Company and the Guarantors in the execution of any supplemental indenture entered into effect any such amendment, supplement or waiver.

SECTION 8.02. *With Consent of Holders* . Except as provided in Section 8.01 or below in this Section 8.02, the Company, the Guarantors and the Trustee may amend or supplement this Indenture or each series of the Securities with the consent (including consents obtained in connection with a tender offer or exchange offer for such Securities or a solicitation of consents in respect of such Securities, *provided* that in each case such offer or solicitation is made to all Holders of the Securities of such series then outstanding on equal terms) of the Holders of a majority in aggregate principal amount of the Securities of such series then outstanding affected thereby.

The Holders of a majority in aggregate principal amount of the Securities of any series then outstanding may waive compliance in a particular instance by the Company or the Guarantors with any provision of this Indenture or the Securities of such series (including waivers obtained in connection with a tender offer or exchange offer for such Securities or a solicitation of consents in respect of such Securities, *provided* that in each case such offer or solicitation is made to all Holders of the Securities of such series then outstanding on equal terms).

Upon the request of the Company and the Guarantors and upon the filing with the Trustee of evidence of the consent of the Holders as aforesaid, and upon receipt by the Trustee of the documents described in Section 8.06, the Trustee shall join with the Company and the Guarantors in the execution of any supplemental indenture entered into to effect any such amendment, supplement or waiver. After an amendment, supplement or waiver under this Section 8.02 becomes effective, the Company shall send to the Holders of each Security of the series affected thereby a notice briefly describing the amendment, supplement or waiver. Any failure of the Company to send such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such amendment, supplement or waiver.

It shall not be necessary for the consent of the Holders under this Section 8.02 to approve the particular form of any proposed amendment, supplement or waiver, but it shall be sufficient if such consent approves the substance thereof.

Without the consent of each Holder of the series affected, an amendment, supplement or waiver under this Section 8.02 may not:

- (i) extend the final maturity of the principal of any of the Securities of such series;
- (ii) reduce the principal amount of any of the Securities of such series;
- (iii) reduce the rate or extend the time of payment of interest, including default interest, on any of the Securities of such series;
- (iv) reduce any amount payable on redemption of any of the Securities of such series;
- (v) change the currency in which the principal of or premium, if any, or interest on any of the Securities of such series is payable;
- (vi) impair the right to institute suit for the enforcement of any payment of principal of or premium, if any, or interest on any Security of such series pursuant to Sections 5.07 and 5.08, except as limited by Section 5.06;
- (vii) make any change in the percentage of principal amount of the Securities of such series necessary to waive compliance with or to modify certain provisions of this Indenture pursuant to Section 5.04 or 5.07 or this clause of this Section 8.02; or
- (viii) waive a continuing Default or Event of Default in the payment of principal of or premium, if any, if any, or interest, including default interest, on the Securities of such series.

The right of any Holder to participate in any consent required or sought pursuant to any provision of this Indenture (and the obligation of the Company to obtain any such consent otherwise required from such Holder) may be subject to the requirement that such Holder shall have been the Holder of record of the Securities as of a record date fixed by the Company in accordance with Section 8.04 of this Indenture.

SECTION 8.03. *Compliance with Trust Indenture Act* . Every amendment or supplement to this Indenture or the Securities shall comply in form and substance with the TIA as then in effect.

SECTION 8.04. *Revocation and Effect of Consents* . A consent to an amendment, a supplement or a waiver by a Holder is a continuing consent by the Holder and every subsequent Holder of a Security or portion of a Security that evidences the same debt as the consenting Holder's Security, even if notation of the consent is not made on any Security. However, any such Holder or subsequent Holder may revoke the consent as to its Security or portion of a Security if the Trustee receives written notice of revocation at any time prior to (but not after) the date the Trustee receives an Officer's Certificate certifying that the Holders of the requisite aggregate principal amount of Securities of the applicable series have consented (and not theretofore revoked such consent) to the amendment, supplement or waiver.

The Company may, but shall not be obligated to, fix a record date for the purpose of determining the Holders entitled to consent to any amendment, supplement or waiver or to take any other action with respect to the Securities under this Indenture. If a record date is fixed, then notwithstanding the provisions of the immediately preceding paragraph, those Persons who were Holders at the close of business on such record date (or their duly designated proxies), and only those Persons, shall be entitled to consent to such amendment, supplement or waiver or to revoke any consent previously given, whether or not such Persons continue to be Holders after such record date, and for this purpose the Securities then outstanding shall be computed as of such record date. No consent shall be valid or effective for more than 90 days after such record date unless consents from Holders of the aggregate principal amount of the Securities required hereunder for such amendment, supplement or waiver to be effective shall have also been given and not revoked within such 90-day period.

After an amendment, supplement or waiver becomes effective, it shall bind every Holder, unless it is of the type described in any of clauses (i) through (viii) of Section 8.02. In such case, the amendment, supplement or waiver shall bind each Holder who has consented to it and every subsequent Holder that evidences the same debt as the consenting Holder's Security.

SECTION 8.05. *Notation on or Exchange of Securities* . If an amendment or supplement changes the terms of a Security, the Trustee may require the Holder of the Security to deliver it to the Trustee. The Trustee may place an appropriate notation on the Security regarding the changed terms and return it to the Holder. Alternatively, if the Company or the Trustee so determines, the Company in exchange for the Security shall issue and the Trustee shall authenticate a new Security that reflects the changed terms. Failure to make the appropriate notation or to issue a new Security shall not affect the validity of such amendment or supplement.

SECTION 8.06. *Trustee to Sign Amendments, etc* . The Trustee shall sign any supplemental indenture authorized pursuant to this Article VIII if the supplemental indenture does not adversely affect the rights, duties, liabilities or immunities of the Trustee. If it does, the Trustee may, but need not, sign it. In signing or refusing to sign such supplemental indenture, the Trustee shall receive, and subject to Section 6.01, shall be fully protected in conclusively relying upon, an Opinion of Counsel and an Officer's Certificate, as conclusive evidence that all conditions precedent to such supplemental indenture have been complied with, that such supplemental indenture is authorized or permitted by this Indenture, that it is not inconsistent herewith, and that it will be valid and binding upon the Company and the Guarantors in accordance with its terms.

ARTICLE IX
GUARANTEES OF SECURITIES

SECTION 9.01. *Unconditional Guarantees* .

(a) Subject to this Article IX, for value received, the Guarantors hereby, jointly and severally, fully, irrevocably, unconditionally and absolutely guarantee to the Holders and to the Trustee the due and punctual payment of the principal of and premium, if any, and interest on the Securities and all other amounts due and payable under this Indenture and the Securities by the Company (including, without limitation, all costs and expenses (including reasonable legal fees and disbursements) incurred by the Trustee or the Holders in connection with the enforcement of this Indenture, the Securities and the Guarantees) (collectively, the “Indenture Obligations”), when and as such principal, premium, if any, and interest and such other amounts shall become due and payable, whether at the Stated Maturity, upon redemption or by declaration of acceleration or otherwise, according to the terms of the Securities and this Indenture. The guarantees by the Guarantors set forth in this Article IX are referred to herein as the “Guarantees.” Without limiting the generality of the foregoing, the Guarantors’ liability shall extend to all amounts that constitute part of the Indenture Obligations and would be owed by the Company under this Indenture and the Securities but for the fact that they are unenforceable, reduced, limited, impaired, suspended or not allowable due to the existence of a bankruptcy, reorganization or similar proceeding involving the Company. Each Guarantor agrees that this is a guarantee of payment and not a guarantee of collection.

(b) Failing payment when due of any amount guaranteed pursuant to the Guarantees, for whatever reason, the Guarantors will be, jointly and severally, obligated to pay the same immediately to the Trustee, without set-off or counterclaim or other reduction whatsoever (whether for taxes, withholding or otherwise). The Guarantees are intended to be general, unsecured, senior obligations of each Guarantor and to rank *pari passu* in right of payment with all indebtedness of such Guarantor that is not, by its terms, expressly subordinated in right of payment to the Guarantees of such Guarantor. Each Guarantor hereby agrees that its obligations hereunder shall be full, irrevocable, unconditional and absolute, irrespective of the validity, regularity or enforceability of the obligations and liabilities of any other obligor with respect to the Securities, the Guarantees or this Indenture, the absence of any action to enforce the same, any waiver or consent by any Holder with respect to any provisions hereof or thereof with respect to the same, the recovery of any judgment against the Company, or any other circumstance which might otherwise constitute a legal or equitable discharge or defense of such Guarantor.

Each Guarantor hereby agrees that in the event of a default in payment of the principal of or premium, if any, or interest on the Securities of any series or any other amounts payable under this Indenture and such Securities by the Company, whether at the Stated Maturity, upon redemption or by declaration of acceleration or otherwise, legal proceedings may be instituted by the Trustee on behalf of the Holders or, subject to Section 5.06, by the Holders, on the terms and conditions set forth in this Indenture, directly against any Guarantor to enforce the Guarantees of such series without first proceeding against the Company.

(c) To the fullest extent permitted by applicable law, the obligations of a Guarantor under this Article IX shall be as aforesaid full, irrevocable, unconditional and absolute and shall not be impaired, modified, discharged, released or limited by any occurrence or condition whatsoever, including, without limitation, (i) any compromise, settlement, release, waiver, renewal, extension, indulgence or modification of, or any change in, any of the obligations and liabilities of any other obligor with respect to the Securities contained in any of

the Securities or this Indenture, (ii) any impairment, modification, release or limitation of the liability of the Company, the Guarantors or any of their respective estates in bankruptcy, or any remedy for the enforcement thereof, resulting from the operation of any present or future provision of any applicable Bankruptcy Law, or other statute or from the decision of any court, (iii) the assertion or exercise by the Company, the Guarantors or the Trustee of any rights or remedies under any of the Securities or this Indenture or its delay in or failure to assert or exercise any such rights or remedies, (iv) the assignment or the purported assignment of any property as security for any of the Securities, including all or any part of the rights of the Company or the Guarantors under this Indenture, (v) the extension of the time for payment by the Company or the Guarantors of any payments or other sums or any part thereof owing or payable under any of the terms and provisions of any of the Securities or this Indenture or of the time for performance by the Company or the Guarantors of any other obligations under or arising out of any such terms and provisions or the extension or the renewal of any thereof, (vi) the modification or amendment (whether material or otherwise) of any duty, agreement or obligation set forth in this Indenture of any other obligor with respect to the Securities, (vii) the voluntary or involuntary liquidation, dissolution, sale or other disposition of all or substantially all of the assets, marshaling of assets and liabilities, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, arrangement, composition or readjustment of, or other similar proceeding affecting, either of the Company or the Guarantors or any of its assets, or the disaffirmance of any of the Securities, the Guarantees or this Indenture in any such proceeding, (viii) the release or discharge of the Company or the Guarantors from the performance or observance of any agreement, covenant, term or condition contained in any of such instruments by operation of law, (ix) the unenforceability of any of the obligations of any of the other obligors under the Securities, the Guarantees or this Indenture, (x) any change in the name, business, capital structure, corporate or comparable existence, or ownership of the Company or the Guarantors, or (xi) any other circumstance which might otherwise constitute a defense available to, or a legal or equitable discharge of, a surety or the Guarantors.

(d) Each Guarantor hereby (i) waives diligence, presentment, demand of payment, notice of acceptance, filing of claims with a court in the event of the merger, insolvency or bankruptcy of the Company or such Guarantor, and all demands and notices whatsoever, (ii) acknowledges that any agreement, instrument or document evidencing the Guarantees may be transferred and that the benefit of its obligations hereunder shall extend to each holder of any agreement, instrument or document evidencing the Guarantees without notice to them and (iii) covenants that its Guarantees will not be discharged except by complete performance of the Guarantees or of the obligations guaranteed thereby. Each Guarantor further agrees that if at any time all or any part of any payment theretofore applied by any Person to the Guarantees is, or must be, rescinded or returned for any reason whatsoever, including, without limitation, the insolvency, bankruptcy or reorganization of such Guarantor, the Guarantees shall, to the extent that such payment is or must be rescinded or returned, be deemed to have continued in existence notwithstanding such application, and the Guarantees shall continue to be effective or be reinstated, as the case may be, as though such application had not been made.

(e) (i) Each Guarantor shall be subrogated to all rights of the Holders and the Trustee against the Company in respect of any amounts paid by such Guarantor pursuant to the provisions of this Indenture; *provided, however*, that such Guarantor shall not be entitled to enforce or to receive any payments arising out of, or based upon, such right of subrogation with respect to any of the Securities until all of the Securities and the Guarantees thereof shall have been paid in full or discharged.

(ii) Each Guarantor and, by its acceptance of Securities of any series, each Holder of such series of Securities hereby confirm that it is the intention of all such parties that the Guarantee of such Guarantor not constitute a fraudulent transfer or conveyance for purposes of Bankruptcy Law, the Uniform Fraudulent Conveyance Act, the Uniform Fraudulent Transfer Act or any similar federal or state law to the extent applicable to any Guarantee. To effectuate the foregoing intention, the Trustee, the Holders of such series and the Guarantors hereby irrevocably agree that the obligations of such Guarantor will be limited to the maximum amount which, after giving effect to all other contingent and fixed liabilities of such Guarantor, and after giving effect to any collections from or payments made by or on behalf of any other Guarantor in respect of the obligations of such other Guarantor under its Guarantee or pursuant to its contribution obligations under this Article IX, will result in the obligations of such Guarantor under its Guarantee not constituting a fraudulent conveyance or fraudulent transfer under federal or state law. Until such time as the Securities of such series are paid in full, each Guarantor hereby waives all rights of subrogation or contribution, whether arising by contract or operation of law (including, without limitation, any such right arising under Federal Bankruptcy Law) or otherwise by reason of any payment by it pursuant to the provisions of this Article IX. Each Guarantor that makes a payment or distribution under its Guarantee will be entitled to seek contribution from each other Guarantor in a pro rata amount based on the net assets of each Guarantor determined in accordance with GAAP, so long as the exercise of such right does not impair the rights of the Holders under the Guarantee.

(f) No failure to exercise and no delay in exercising, on the part of the Trustee or the Holders, any right, power, privilege or remedy under this Article IX and the Guarantees shall operate as a waiver thereof, nor shall any single or partial exercise of any rights, power, privilege or remedy preclude any other or further exercise thereof, or the exercise of any other rights, powers, privileges or remedies. The rights and remedies herein provided for are cumulative and not exclusive of any rights or remedies provided in law or equity. Nothing contained in this Article IX shall limit the right of the Trustee or the Holders to take any action to accelerate the Maturity of the Securities of either series pursuant to Article V or to pursue any rights or remedies hereunder or under applicable law.

(g) Subsequent to the date of this Indenture, in the event a Subsidiary (other than a Guarantor) is required by Section 3.08 to guarantee the Company's obligations under the Securities and this Indenture, the Company shall cause such Subsidiary to execute a supplement to this Indenture in accordance with Section 3.08, Section 8.01 and this Article IX, to the extent applicable.

SECTION 9.02. *Execution and Delivery of Notation of Guarantees* . To further evidence the Guarantees, each Guarantor hereby agrees that a notation of such Guarantee may be endorsed on each Security authenticated and delivered by the Trustee and that such notation shall be executed by either manual or facsimile signature of an Officer of such Guarantor. Each Guarantor hereby agrees that its Guarantees shall remain in full force and effect notwithstanding any failure to endorse on each Security a notation of the Guarantee.

If an Officer of a Guarantor whose signature is on this Indenture or a Security no longer holds that office at the time the Trustee authenticates such Security or at any time thereafter, such Guarantor's guarantee of such Security shall be valid nevertheless.

The delivery of any Security by the Trustee, after the authentication thereof hereunder, shall constitute due delivery of the Guarantees set forth in this Indenture on behalf of the Guarantors.

SECTION 9.03. Releases of Guarantors.

(a) If the Company satisfies and discharges this Indenture or exercises its legal or covenant defeasance option with respect to the Securities of any series, as set forth in Section 7.01 hereof, then any Guarantee will be released with respect to that series.

(b) If no Event of Default has occurred and is continuing under this Indenture, a Guarantor will be automatically and unconditionally released and discharged from its Guarantee:

(1) at any time after June 1, 2018, upon any sale, exchange or transfer, whether by way of merger or otherwise, to any Person that is not an Affiliate of the Company, of all of the Company's direct or indirect limited partnership, limited liability or other equity interests in the Guarantor; *provided, however*, that the foregoing shall not be prohibited, prior to June 1, 2018, upon delivery of notice by the Company to the Trustee given in conformity with Section 11.02 that such sale, exchange or transfer shall have been consummated in accordance with and permitted by, or waived pursuant to, the conditions set forth in the Credit Agreement or the Company's Funded Debt that is in existence at such time;

(2) automatically upon the merger of the Guarantor into the Company or any other Guarantor or the liquidation and dissolution of the Guarantor; or

(3) at any time after June 1, 2018 and following the delivery of notice by the Company to the Trustee given in conformity with Section 11.02, upon release of all guarantees or other obligations of the Guarantor with respect to any Funded Debt of the Company, except the Securities.

(c) Any Guarantor not released from its obligations under its Guarantee shall remain liable for the full amount of principal of, premium, if any, and interest on the Securities and for the other obligations of any Guarantor under this Indenture as provided in this Article IX.

(d) If at any time after June 1, 2018 and following the release of a Guarantor from its Guarantee of the Securities pursuant to clause (b)(3) of this Section, the Guarantor again guarantees or co-issues any of the Company's Funded Debt (other than obligations under this Indenture) then the Company will cause such Guarantor to again guarantee the Securities in accordance with Section 3.08 of this Indenture.

ARTICLE X
REDEMPTION

SECTION 10.01. *Notices to Trustee* . If the Company elects to redeem the Securities of a series pursuant to the redemption provisions of Section 3.10 or 10.07, it shall furnish to the Trustee, at least five days before notice of such redemption is to be given pursuant to Section 10.03 (unless a shorter period is acceptable to the Trustee), an Officer's Certificate setting forth the Redemption Date, the principal amount of such Securities to be redeemed and the Redemption Price (or the method of calculating the Redemption Price).

SECTION 10.02. *Selection of Securities to be Redeemed* . If less than all of the Securities of a series are to be redeemed, the Trustee shall select the Securities to be redeemed by such method in its sole discretion as it shall deem fair and appropriate (or, in the case of Securities represented by a Global Security, in accordance with the Applicable Procedures). The particular Securities to be redeemed shall be selected by the Trustee from the outstanding Securities not previously called for redemption.

The Trustee shall promptly notify the Company in writing of the Securities selected for redemption and, in the case of any Security selected for partial redemption, the principal amount thereof to be redeemed. Securities and portions of them selected shall be in minimum amounts of \$2,000 and integral multiples of \$1,000 in excess thereof. Except as provided in the preceding sentence, provisions of this Indenture that apply to Securities called for redemption also apply to portions of Securities called for redemption.

SECTION 10.03. *Notices to Holders of Optional Redemption* .

(a) At least 20 days but not more than 60 days before an optional Redemption Date, the Company shall give in conformity with Section 11.02 a notice of optional redemption to each Holder whose Securities are to be redeemed pursuant to Section 3.10 or 10.07. The notice shall identify the Securities to be redeemed (including CUSIP, ISIN or similar numbers, if any) and shall state:

(i) the Redemption Date;

(ii) the Redemption Price (or the method of calculating the Redemption Price);

(iii) if any Security is being redeemed in part, the portion of the principal amount of such Security to be redeemed and that, after the Redemption Date, upon surrender of such Security, a new Security or Securities in principal amount equal to the unredeemed portion will be issued;

(iv) the name and address of the Paying Agent;

(v) that Securities called for redemption must be surrendered to the Paying Agent at the address specified in such notice to collect the Redemption Price;

(vi) that unless the Company defaults in making the redemption payment, interest on Securities called for redemption ceases to accrue on and after the Redemption Date and the only remaining right of the Holders is to receive payment of the Redemption Price upon surrender to the Paying Agent of the Securities; and

(vii) the aggregate principal amount of Securities being redeemed.

If any of the Securities to be redeemed is in the form of a Global Security, then the Company shall modify such notice to the extent necessary to accord with the procedures of the Depositary applicable to redemptions.

(b) At the Company's request, the Trustee shall give the notice required in Section 10.03(a) in the Company's name; *provided*, *however*, that the Officer's Certificate delivered pursuant to Section 10.01 also requests that the Trustee give such notice and sets forth the additional information to be stated in such notice as provided in Section 10.03(a).

SECTION 10.04. *Effect of Notices of Redemption*. Securities called for redemption will become due on the Redemption Date. On and after the Redemption Date, interest will cease to accrue on the Securities or portions of Securities called for redemption unless the Company defaults in the payment of the Redemption Price. Upon surrender to the Paying Agent of Securities called for redemption, such Securities shall be paid out at the Redemption Price, plus accrued and unpaid interest to, but not including, the Redemption Date; *provided*, *however*, that if the Redemption Date is after the taking of a record of the Holders on a record date and on or prior to the related Interest Payment Date, the accrued and unpaid interest shall be payable to the Person in whose name the redeemed Securities are registered on such record date. Failure to give notice or any defect in the notice to any Holder shall not affect the validity of the notice to any other Holder.

SECTION 10.05. *Deposit of Redemption Price*. At or prior to 11:00 a.m. New York City time on the Redemption Date, the Company shall deposit with the Trustee or with the Paying Agent immediately available funds sufficient to pay the Redemption Price of all Securities to be redeemed on that date, plus accrued and unpaid interest thereon to, but not including, the Redemption Date. The Trustee or the Paying Agent shall return to the Company any money not required for that purpose less the expenses of the Trustee as provided herein.

If the Company complies with the preceding paragraph, interest on the Securities or portions thereof to be redeemed (whether or not such Securities are presented for payment) will cease to accrue on the applicable Redemption Date. If any Security called for redemption shall not be so paid upon surrender because of the failure of the Company to comply with the preceding paragraph, then interest will be paid, to the extent lawful, on the unpaid principal or premium, if any, from the Redemption Date until such principal or premium, if any, is paid and on any interest not paid on such unpaid principal, in each case at the rate provided in the Securities and in Section 3.01.

SECTION 10.06. *Securities Redeemed in Part*. Upon surrender of a Security that is redeemed in part, the Company shall issue and the Trustee shall authenticate for the Holder, at the expense of the Company, a new Security equal in principal amount to the unredeemed portion of the Security surrendered.

SECTION 10.07. *Optional Redemption* . The Securities of a series may be redeemed at any time at the option of the Company and on such terms and subject to such conditions (including conditions precedent) as are specified in such Securities. For the avoidance of doubt, it is understood that the Company may redeem one series of Securities without redeeming any other series of Securities.

Any redemption pursuant to this Section 10.07 shall be made, to the extent applicable, pursuant to the provisions of Sections 10.01 through 10.06.

SECTION 10.08. *Mandatory Redemption* . Except for the Special Mandatory Redemption pursuant to Section 10.09 hereof, the Company is not required to make mandatory redemption or sinking fund payments with respect to the Securities.

SECTION 10.09. *Special Mandatory Redemption* .

(a) In the event that the Spin Off Distribution is not consummated on or prior to October 2, 2015, the Company shall be required to redeem all of the Securities, upon at least five but no more than ten Business Days' prior notice to the Holders given in conformity with Section 11.02 within five Business Days following October 2, 2015, at a Redemption Price for each series of Securities equal to 101% of aggregate principal amount of Securities to be redeemed (the "Mandatory Redemption Price"), plus accrued and unpaid interest thereon to, but not including, the Redemption Date.

(b) The Company may, at its option, redeem the Securities in whole, but not in part, at the Mandatory Redemption Price, plus accrued and unpaid interest thereon to, but not including, the Redemption Date, if, prior to October 2, 2015, the Company determines in its sole discretion, that the Spin Off Distribution will not occur on or prior to that date, upon at least five but no more than ten Business Days' prior notice to the Holders given in conformity with Section 11.02 within five Business Days following October 2, 2015.

(c) Notice of mandatory redemption pursuant to this Section 10.09 (a) or (b) shall be delivered electronically (for Global Securities) or mailed, by first class mail, to each Holder whose Securities are to be redeemed at its registered address and shall state: (i) the Redemption Date; (ii) the Mandatory Redemption Price; (iii) the name and address of the Paying Agent; (iv) that Securities called for mandatory redemption must be surrendered to the Paying Agent at the address specified in the notice to collect the Mandatory Redemption Price; (v) that on the Redemption Date, the Mandatory Redemption Price shall become due and payable; and (vi) that, unless the Company defaults in making the redemption payment, the Securities of each series shall cease to bear interest on and after the Redemption Date and the only remaining right of the Holders is to receive payment of the Mandatory Redemption Price upon surrender to the Paying Agent of the Securities.

(d) Notice of any mandatory redemption shall be given by the Company or, at the Company's request and upon provision of such notice information at least five Business Days (unless the Trustee consents to a shorter period) prior to the date notice of mandatory redemption is to be given to the Holders, by the Trustee in the name and at the expense of the Company.

**ARTICLE XI
MISCELLANEOUS**

SECTION 11.01. *Trust Indenture Act Controls* . Any reference to a requirement under the TIA shall apply to this Indenture irrespective of whether or not this Indenture is then qualified thereunder. If any provision of this Indenture limits, qualifies or conflicts with another provision which is required to be included in this Indenture by the TIA (or in any other indenture qualified thereunder), the provision required by the TIA shall control.

SECTION 11.02. *Notices* . Any notice or other communication by the Company, the Guarantors or the Trustee to the others is duly given if in writing and delivered in person, by facsimile or by overnight air courier guaranteeing next day delivery or if mailed by first-class mail (registered or certified, return receipt requested), in each case to the other's address:

If to either the Company or any of the Guarantors, to it at:

c/o Columbia Pipeline Group, Inc.
5151 San Felipe St., Suite 2500
Houston, Texas 77056
Attention: Vice President & Deputy General Counsel, Corporate & Commercial
Facsimile: (713) 386-3490

With a copy (which shall not constitute notice) to:

Vinson & Elkins L.L.P.
1001 Fannin, Suite 2500
Houston, Texas 77002
Facsimile (713) 615-5883
Attention: Gillian Hobson

If to the Trustee:

U.S. Bank National Association
5555 San Felipe Street, Suite 1150
Houston, Texas 77056
Attention: Corporate Trust Services
Facsimile: (713) 235-9213

Each of the Company, the Guarantors and the Trustee by notice to the others may designate additional or different addresses for subsequent notices or other communications.

All notices and other communications shall be deemed to have been duly given: at the time delivered by hand, if personally delivered; five Business Days after being deposited in the mail, postage prepaid, if mailed; when receipt acknowledged, if telecopied; and the next Business Day after timely delivery to the courier, if sent by overnight air courier guaranteeing next day delivery.

Any notice or other communication to a Holder shall be mailed by first-class mail, postage prepaid, to the Holder's address shown on the register kept by the Registrar; *provided, however*, if the Holder is the Depositary (or its nominee) any notice or other communication to such Holder shall be given in accordance with the Depositary's rules and procedures. Failure to give a notice or other communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders.

If a notice or other communication is mailed or otherwise sent in the manner provided above within the time prescribed, it is duly given, whether or not the addressee receives it. Notwithstanding the foregoing, notices to the Trustee shall be effective only upon receipt.

If the Company or any of the Guarantors sends a notice or other communication to Holders, it shall send a copy to the Trustee at the same time.

All notices or other communications, including, without limitation, notices to the Trustee, the Company or the Guarantors by Holders, shall be in writing and in the English language.

In case by reason of the suspension of regular mail service, or by reason of any other cause, it shall be impossible to mail any notice or other communication required by this Indenture, then such method of notification as shall be made with the approval of the Trustee shall constitute a sufficient mailing of such notice.

SECTION 11.03. *Communication by Holders with Other Holders*. Holders may communicate pursuant to TIA Section 312(b) with other Holders with respect to their rights under this Indenture, the Securities or the Guarantees. The Company, the Guarantors, the Trustee, each Agent and anyone else shall have the protection of TIA Section 312(c).

SECTION 11.04. *Certificate and Opinion as to Conditions Precedent*. Upon any request or application by the Company or the Guarantors to the Trustee to take any action under this Indenture, the Company or the Guarantors shall, if requested by the Trustee, furnish to the Trustee, as applicable:

(i) an Officer's Certificate (which shall include the statements set forth in Section 11.05) stating that, in the opinion of the signers, all conditions precedent and covenants, if any, provided for in this Indenture relating to the proposed action have been complied with; and

(ii) an Opinion of Counsel (which shall include the statements set forth in Section 11.05) stating that, in the opinion of such counsel, all such conditions precedent and covenants have been complied with.

SECTION 11.05. *Statements Required in Certificate or Opinion*. Each certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture shall include:

-
- (i) a statement that the Person making such certificate or opinion has read such covenant or condition;
 - (ii) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;
 - (iii) a statement that, in the opinion of such Person, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with; and
 - (iv) a statement as to whether or not, in the opinion of such Person, such condition or covenant has been complied with.

SECTION 11.06. *Rules by Trustee and Agents* . The Trustee may make reasonable rules for action by or at a meeting of Holders. The Registrar or the Paying Agent may make reasonable rules and set reasonable requirements for its functions.

SECTION 11.07. *Legal Holidays* . If a payment date is a Legal Holiday at a place of payment, payment may be made at that place on the next succeeding day that is not a Legal Holiday, and no interest shall accrue for the intervening period. If a record date is a Legal Holiday, the record date shall not be affected.

SECTION 11.08. *No Recourse Against Others* . A director, officer, employee or stockholder of the Company or the Guarantors, as such, shall not have any liability for any obligations of the Company or the Guarantors under the Securities, the Guarantees or this Indenture or for any claim based on, in respect of or by reason of such obligations or their creation. Each Holder by accepting a Security waives and releases all such liability. The waiver and release shall be part of the consideration for the issue of the Securities.

SECTION 11.09. *Governing Law; Jury Trial Waiver* . This Indenture, the Securities and the Guarantees shall be governed by and construed in accordance with the laws of the State of New York. EACH OF THE COMPANY, THE GUARANTORS, THE HOLDERS AND THE TRUSTEE HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS INDENTURE, THE SECURITIES OR THE TRANSACTION CONTEMPLATED HEREBY.

SECTION 11.10. *Consent to Jurisdiction* . Any legal suit, action or proceeding arising out of or based upon this Indenture, the Securities or the transactions contemplated hereby ("Related Proceedings") may be instituted in the competent federal courts of the United States of America located in the City of New York or the courts of the State of New York in each case located in the City of New York (collectively, the "Specified Courts"), and each party irrevocably submits to the non-exclusive jurisdiction of such courts in any such suit, action or proceeding. Service of any process, summons, notice or document by mail to such party's address set forth in Section 11.02 shall be effective service of process for any suit, action or other

proceeding brought in any such court. The parties irrevocably and unconditionally waive any objection to the laying of venue of any suit, action or other proceeding in the Specified Courts and irrevocably and unconditionally waive and agree not to plead or claim in any such court that a Related Proceeding has been brought in an inconvenient forum.

SECTION 11.11. *No Adverse Interpretation of Other Agreements* . This Indenture may not be used to interpret another indenture, loan or debt agreement of the Company, the Guarantors or any other Subsidiary of the Company. Any such indenture, loan or debt agreement may not be used to interpret this Indenture.

SECTION 11.12. *Successors* . All agreements of the Company and the Guarantors in this Indenture and the Securities shall bind their respective successors. All agreements of the Trustee in this Indenture shall bind its successor.

SECTION 11.13. *Severability* . In case any provision in this Indenture or in the Securities shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 11.14. *Counterpart Originals* . The parties may sign any number of copies of this Indenture by manual or facsimile signature. Each signed copy shall be an original, but all of them together represent the same agreement. The exchange of copies of this Indenture and of signature pages by facsimile or PDF transmission shall constitute effective execution and delivery of this Indenture for all purposes. Signatures of the parties hereto transmitted by facsimile or PDF shall be deemed to be their original signatures for all purposes.

SECTION 11.15. *USA Patriot Act* . The parties hereto acknowledge that in accordance with Section 326 of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (Title III of Pub. L. 107-56, as amended) (the "USA Patriot Act"), the Trustee, like all financial institutions and in order to help fight the funding of terrorism and money laundering, is required to obtain, verify, and record information that identifies each person or legal entity that establishes a relationship or opens an account with the Trustee. The parties to this Indenture agree that they will provide the Trustee with such information as it may request in order for the Trustee to satisfy the requirements of the USA Patriot Act.

SECTION 11.16. *Force Majeure* . In no event shall the Trustee be liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services; it beyond understood that the Trustee shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

SECTION 11.17. *Table of Contents, Headings, etc* . The Table of Contents and headings of the Articles and Sections of this Indenture have been inserted for convenience of reference only, are not to be considered a part hereof and shall in no way modify or restrict any of the terms or provisions hereof.

IN WITNESS WHEREOF , the parties hereto have caused this Indenture to be duly executed as of the day and year first above written.

Company:

COLUMBIA PIPELINE GROUP, INC.

By: /s/ David J. Vajda

Name: David J. Vajda

Title: Vice President, Treasurer and
Chief Risk Officer

Guarantors:

**COLUMBIA ENERGY GROUP
CPG OPCO GP LLC**

By: /s/ David J. Vajda

Name: David J. Vajda

Title: Vice President, Treasurer and
Chief Risk Officer

CPG OPCO LP

By: CPG OPCO GP LLC, its general partner

By: /s/ David J. Vajda

Name: David J. Vajda

Title: Vice President, Treasurer and
Chief Risk Officer

Trustee:

U.S. BANK NATIONAL ASSOCIATION

By: /s/ Mauri J. Cowen

Name: Mauri J. Cowen

Title: Vice President

EXHIBIT A1

FACE OF 2018 NOTE

GLOBAL SECURITY LEGEND

THIS GLOBAL SECURITY IS HELD BY THE DEPOSITARY (AS DEFINED IN THE INDENTURE GOVERNING THIS SECURITY) OR ITS NOMINEE IN CUSTODY FOR THE BENEFIT OF THE BENEFICIAL OWNERS HEREOF, AND IS NOT TRANSFERABLE TO ANY PERSON UNDER ANY CIRCUMSTANCES EXCEPT THAT (I) THE REGISTRAR MAY MAKE SUCH NOTATIONS HEREON AS MAY BE REQUIRED PURSUANT TO SECTION 2.06 OF THE INDENTURE, (II) THIS GLOBAL SECURITY MAY BE EXCHANGED IN WHOLE BUT NOT IN PART PURSUANT TO SECTION 2.06(a) OF THE INDENTURE AND (III) THIS GLOBAL SECURITY MAY BE DELIVERED TO THE TRUSTEE FOR CANCELLATION PURSUANT TO SECTION 2.11 OF THE INDENTURE.

UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR SECURITIES IN DEFINITIVE FORM, THIS SECURITY MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY OR BY THE DEPOSITARY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY. UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY TRUST COMPANY (55 WATER STREET, NEW YORK, NEW YORK) (“DTC”) TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR SUCH OTHER ENTITY AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.*

PRIVATE PLACEMENT LEGEND

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

* These paragraphs should be included only if the Security is a Global Security.

THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF (1) REPRESENTS THAT (A) IT IS A “QUALIFIED INSTITUTIONAL BUYER” (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT (“RULE 144A”)), OR (B) IT IS A NON-U.S. PERSON AND IS ACQUIRING THIS SECURITY IN AN OFFSHORE TRANSACTION WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT, PURSUANT TO RULE 904 OF REGULATION S, AND (2) AGREES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE RESALE RESTRICTION TERMINATION DATE ONLY (A) TO COLUMBIA PIPELINE GROUP, INC. OR ANY OF ITS SUBSIDIARIES, (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A, TO A PERSON IT REASONABLY BELIEVES IS A “QUALIFIED INSTITUTIONAL BUYER” AS DEFINED IN RULE 144A THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES TO NON-U.S. PERSONS THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT, PURSUANT TO RULE 904 OF REGULATION S, OR (E) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN EACH CASE THE SECURITIES LAWS OF ANY OTHER JURISDICTION, INCLUDING ANY STATE OF THE UNITED STATES, SUBJECT TO THE COMPANY’S AND THE TRUSTEE’S RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL SATISFACTORY TO EACH OF THEM AND/OR A CERTIFICATE OF TRANSFER OR EXCHANGE IN THE FORM PRESCRIBED IN THE INDENTURE. THIS LEGEND WILL BE REMOVED UPON THE REQUEST OF THE HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE.

BY ITS ACQUISITION AND HOLDING OF THIS SECURITY THE HOLDER THEREOF WILL BE DEEMED TO HAVE REPRESENTED, WARRANTED AND AGREED THAT EITHER (I) IT IS NOT AND WILL NOT BE FOR SO LONG AS IT HOLDS ANY SECURITY (OR INTEREST IN A SECURITY) AN EMPLOYEE BENEFIT PLAN OR ARRANGEMENT SUBJECT TO THE FIDUCIARY RESPONSIBILITY REQUIREMENT OF TITLE I OF U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (“ERISA”), A “PLAN” OR ARRANGEMENT SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE “CODE”), OR AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE PLAN ASSETS BY REASON OF SUCH EMPLOYEE BENEFIT PLAN OR PLAN’S INVESTMENT IN THE ENTITY, OR A GOVERNMENTAL, NON-U.S., CHURCH OR OTHER PLAN WHICH IS SUBJECT TO ANY FEDERAL, STATE, LOCAL, NON-U.S. OR OTHER LAWS OR REGULATIONS THAT ARE SUBSTANTIALLY SIMILAR TO SUCH PROVISIONS OF ERISA OR THE

Exhibit A1-2

CODE (“SIMILAR LAWS”), OR (II) THE PURCHASE, HOLDING AND DISPOSITION OF THIS SECURITY WILL NOT CONSTITUTE A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR, IN THE CASE OF A GOVERNMENTAL, NON-U.S., CHURCH OR OTHER PLAN, A SIMILAR VIOLATION UNDER ANY APPLICABLE SIMILAR LAWS.**

** These paragraphs should be included only if the Security is a Restricted Definitive Security or a Restricted Global Security.

Exhibit A1-3

COLUMBIA PIPELINE GROUP, INC.

2.45% SENIOR NOTE DUE 2018

No. _____

CUSIP No. _____

\$ _____

Columbia Pipeline Group, Inc., a Delaware corporation (the "Company"), for value received promises to pay to _____ or registered assigns, the principal sum of _____ Dollars [or such greater or lesser amount as is indicated on the Schedule of Exchanges of Interests in the Global Securities on the other side of this Security*] on June 1, 2018.

Interest Payment Dates: June 1 and December 1

Record Dates: May 15 and November 15

Reference is hereby made to the further provisions of this Security set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

IN WITNESS WHEREOF, the Company has caused this Security to be signed manually or by facsimile by one of its duly authorized officers.

Dated:

COLUMBIA PIPELINE GROUP, INC.

By: _____

Name: _____

Title: _____

Certificate of Authentication:

This is one of
the Securities referred to in the within-
mentioned Indenture.

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By: _____

Authorized Signatory

* This phrase should be included only if the Security is a Global Security.

Exhibit A1-4

REVERSE OF SECURITY

COLUMBIA PIPELINE GROUP, INC.

2.45% SENIOR NOTE DUE 2018

This Security is one of a duly authorized issue of 2.45% Senior Notes due 2018 (the “Securities”) of Columbia Pipeline Group, Inc., a Delaware corporation (the “Company”).

1. *Interest* . The Company promises to pay interest on the principal amount of this Security at a rate of 2.45% per annum until Maturity. The Company will pay interest semi-annually on June 1 and December 1 of each year (each an “Interest Payment Date”), beginning on December 1, 2015, or if any such day is not a Business Day, on the next succeeding Business Day. Interest on this Security will accrue from the most recent Interest Payment Date on which interest has been paid or, if no interest has been paid, from May 22, 2015; *provided* that if there is no existing Default in the payment of interest, and if this Security is authenticated between a record date referred to on the face hereof and the next succeeding Interest Payment Date, interest shall accrue from such next succeeding Interest Payment Date. Further, to the extent lawful, the Company shall pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue principal, premium, if any, and interest (without regard to any applicable grace period), from time to time on demand at the rate then in effect on the Securities. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

2. *Method of Payment* . The Company will pay interest on this Security (except defaulted interest) to the Persons who are registered Holders of this Security at the close of business on the record date next preceding the Interest Payment Date, even if this Security is canceled after such record date and on or before such Interest Payment Date. The Holder must surrender this Security to a Paying Agent to collect payments of principal and premium, if any. The Company will pay the principal of and premium, if any, and interest on this Security in money of the United States of America that at the time of payment is legal tender for payment of public and private debts. Payments in respect of the Securities represented by a Global Security (including principal, premium, if any, and interest) will be made by wire transfer of immediately available funds to the accounts specified by The Depository Trust Company. The Company will make all payments in respect of a certificated Security (including principal, premium, if any, and interest) at the Corporate Trust Office of the Trustee or at the office or agency of the Paying Agent maintained for such purpose in The City of New York or, at its option, by mailing a check to the registered address of each Holder thereof; *provided, however*, that payments on a certificated Security will be made by wire transfer to a U.S. dollar account maintained by the payee with a bank in the United States if such Holder elects payment by wire transfer by giving written notice to the Trustee or the Paying Agent to such effect designating such account no later than 30 days immediately preceding the relevant due date for payment (or such other date as the Trustee may accept in its discretion).

3. *Ranking and Guarantees* . This Security is a senior unsecured obligation of the Company and is guaranteed pursuant to guarantees (the “Guarantees”) by the Guarantors. Reference is made to Article IX of the Indenture for the term relating to the Guarantees, including the release, termination and discharge thereof. The Guarantees are senior unsecured obligations of the Guarantors.

Exhibit A1-5

4. *Optional Redemption; Mandatory Redemption; Purchases upon Change of Control Triggering Event* .

(a) Prior to maturity date, this Security is redeemable, at the Company's option, at any time in whole, or from time to time in part, at a Redemption Price equal to the greater of (1) 100% of the principal amount of this Security to be redeemed; and (2) the sum of the present values of the remaining scheduled payments of principal and interest thereon (at the rate in effect on the date of calculation of the Redemption Price) (exclusive of interest accrued to the Redemption Date) discounted to the Redemption Date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Optional Redemption Treasury Yield, plus 25 basis points, plus, in either case, accrued and unpaid interest to, but not including, the Redemption Date.

"Independent Investment Banker" J.P. Morgan Securities LLC, Mitsubishi UFJ Securities (USA), Inc., or Scotia Capital (USA) Inc. (and their respective successors), or, if each of such firms is unwilling or unable to select the applicable Optional Redemption Comparable Treasury Issue, an independent investment banking institution of national standing appointed by the Company.

"Optional Redemption Comparable Treasury Issue" means the U.S. Treasury security selected by an Independent Investment Banker as having a maturity comparable to the remaining term of this Security that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to this Security.

"Optional Redemption Comparable Treasury Price" means, with respect to any Redemption Date and as determined by the Independent Investment Banker, (1) the average of Optional Redemption Reference Treasury Dealer Quotations obtained by the Independent Investment Banker for the applicable Redemption Date, after excluding the highest and lowest of the Optional Redemption Reference Treasury Dealer Quotations, or (2) if the Independent Investment Banker obtains fewer than four of such Optional Redemption Reference Treasury Dealer Quotations, the average of all of such Optional Redemption Reference Treasury Dealer Quotations.

"Optional Redemption Primary Treasury Dealer" means any primary U.S. Government securities dealer in the United States.

"Optional Redemption Reference Treasury Dealer" means (1) each of J.P. Morgan Securities LLC and Scotia Capital (USA) Inc. (or their respective affiliates which are Primary Treasury Dealers), and a Primary Treasury Dealer selected by Mitsubishi UFJ Securities (USA), Inc. and any other Primary Treasury Dealer designated by, and not affiliated with J.P. Morgan Securities LLC, Mitsubishi UFJ Securities (USA), Inc. and Scotia Capital (USA) Inc., or their respective successors, *provided, however*, that if any of the foregoing, or any of their respective designees, ceases to be a Primary Treasury Dealer, the Company will appoint another Primary Treasury Dealer as a substitute and (2) any other Primary Treasury Dealer selected by the Company.

“Optional Redemption Reference Treasury Dealer Quotations” means, with respect to each Optional Redemption Reference Treasury Dealer and any Redemption Date for this Security, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Optional Redemption Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker by the Optional Redemption Reference Treasury Dealer at 5:00 p.m., New York City time, on the third Business Day preceding such Redemption Date.

“Optional Redemption Treasury Yield” means, with respect to any Redemption Date applicable to this Security, the rate per annum equal to the semi-annual equivalent yield to maturity (computed by the Independent Investment Banker as of the third Business Day immediately preceding such Redemption Date) of the Optional Redemption Comparable Treasury Issue, assuming a price for the Optional Redemption Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the applicable Optional Redemption Comparable Treasury Price for such Redemption Date.

(b) Except for the Special Mandatory Redemption described in the next paragraph, the Company is not required to make mandatory redemption or sinking fund payments with respect to this Security.

As set forth in Section 10.09 of the Indenture, in the event that the Spin Off Distribution is not consummated on or prior to October 2, 2015, the Company shall be required to redeem all of the Securities, upon at least five but no more than ten Business Days’ prior notice to the Holders given in conformity with Section 11.02 of the Indenture within five Business Days following October 2, 2015, at the Mandatory Redemption Price, plus accrued and unpaid interest thereon to, but excluding, the Redemption Date. The Company may, at its option, redeem the Securities in whole, but not in part, at the Mandatory Redemption Price, plus accrued and unpaid interest thereon to, but excluding, the Redemption Date, if, prior to October 2, 2015, the Company determines in its sole discretion, that the Spin Off Distribution will not occur on or prior to that date, upon at least five but no more than ten Business Days’ prior written notice to the Holders given in conformity with Section 11.02 of the Indenture within five Business Days following October 2, 2015.

(c) Upon the occurrence of a Change of Control Triggering Event with respect to the Securities, the Holder shall have the right to require the Company to purchase all or any part (equal to \$2,000 or an integral multiple of \$1,000 in excess thereof) of this Security, pursuant to a Change of Control Offer made in accordance with Section 3.10 of the Indenture, at a purchase price in cash equal to 101% of the principal amount hereof, plus accrued and unpaid interest hereon to, but not including, the Change of Control Payment Date (subject to the right of the holder of record of this Security on the relevant record date to receive interest on the relevant Interest Payment Date as provided in Section 3.10 of the Indenture), except to the extent that the Company shall have exercised its right to redeem this Security pursuant to the preceding paragraph (a).

(d) If Holders of not less than 90% in aggregate principal amount of the outstanding Securities validly tender and do not withdraw their Securities in a Change of Control Offer and the Company, or any third party making a Change of Control Offer in lieu of the Company, purchases all of the Securities validly tendered and not withdrawn by such holders, the Company shall have the right, upon not less than 20 nor more than 60 days' prior notice, given in conformity with Section 11.02 of the Indenture not more than 30 days following such purchase pursuant to such Change of Control Offer, to redeem this Security and all other Securities that remain outstanding following such purchase at a Redemption Price in cash equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to, but not including, the Redemption Date (subject to the right of the holder of record of this Security on the relevant record date to receive interest on the relevant Interest Payment Date as provided in Section 10.04 of the Indenture).

5. *Paying Agent and Registrar* . Initially, the Trustee will act as Paying Agent and Registrar. The Company may change any Paying Agent or Registrar without notice to any Holder. The Company or any of its Subsidiaries may act in any such capacity.

6. *Indenture* . The Company issued this Security under an Indenture dated as of May 22, 2015 (as amended, supplemented or otherwise modified from time to time, the "Indenture") among the Company, the Guarantors, and U.S. Bank National Association (the "Trustee"). The terms of this Security include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939, as amended (15 U.S. Code Sections 77aaa-77bbb). This Security and the Guarantees are subject to all such terms, and Holders are referred to the Indenture and the Trust Indenture Act for a statement of such terms. To the extent any provision of this Security conflicts with the express provisions of the Indenture, the provisions of the Indenture shall govern and be controlling (to the extent permitted by law). The Securities are unsecured obligations of the Company. The Company initially has issued \$500,000,000 aggregate principal amount of Securities. The Company may issue Additional Securities of the same series as this Security under the Indenture, *provided* that no such Additional Securities may be issued at a price that would cause such Additional Securities to have "original issue discount" within the meaning of Section 1273 of the Code. Capitalized terms used but not defined in this Security have the respective meanings given to such terms in the Indenture.

7. *Denominations, Transfer, Exchange* . The Securities are issuable only in registered form without coupons in minimum denominations of \$2,000 and integral multiples of \$1,000 in excess thereof. The transfer of this Security may be registered and this Security may be exchanged only as provided in the Indenture. The Registrar and the Trustee may require a Holder, among other things, to furnish appropriate endorsements and transfer documents and to pay any transfer tax or similar governmental charge or other fee required by law and payable in connection therewith. The Registrar need not exchange or register the transfer of this Security during the period between a record date and the corresponding Interest Payment Date.

8. *Persons Deemed Owners* . The registered Holder of a Security shall be treated as its owner for all purposes.

9. *Amendments and Waivers* . Subject to certain exceptions and limitations, the Indenture or this Security may be amended or supplemented with the consent of the Holders of a majority in aggregate principal amount of the then outstanding Securities, and compliance in a particular instance by the Company or the Guarantors with any provision of the Indenture with respect to the Securities may be waived (other than certain provisions, including any continuing Default or Event of Default in the payment of the principal of or premium, if any, or interest on the Securities) by the Holders of a majority in aggregate principal amount of the Securities then outstanding in accordance with the terms of Section 8.02 of the Indenture. Without the consent of any Holder, the Company, the Guarantors and the Trustee may amend or supplement this Security as provided in Section 8.01 of the Indenture.

The right of any Holder to participate in any consent required or sought pursuant to any provision of the Indenture (and the obligation of the Company to obtain any such consent otherwise required from such Holder) may be subject to the requirement that such Holder shall have been the Holder of record of this Security as of a record date fixed by the Company in accordance with the terms of the Indenture.

10. *Defaults and Remedies* . Events of Default with respect to this Security include: (i) default in the payment of the principal of or premium, if any, on any Security at its Maturity, and continuance of such default for a period of 10 days; or (ii) default in the payment of interest, upon any of the Securities when they become due and payable, and continuance of such default for a period of 30 days; or (iii) default in the performance or observance, or breach, of any covenant of the Company or the Guarantors in any Security or the Indenture (other than a covenant a default in whose performance or whose breach is elsewhere in Section 5.01 of the Indenture specifically dealt with), and continuance of such default or breach for a period of 90 days after there has been given, in conformity with Section 11.02 of the Indenture, to the Company and the Guarantors by the Trustee or to the Company, the Guarantors and the Trustee by the Holders of at least 25% in aggregate principal amount of the outstanding Securities a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a “Notice of Default” under the Indenture; or (iv) certain events specified in the Indenture relating to the bankruptcy, insolvency or reorganization of the Company or a Guarantor; or (v) the Guarantees cease to be in full force and effect or become unenforceable or invalid or are declared null and void (other than in accordance with the terms of such Guarantees) or a Guarantor denies or disaffirms its obligations under such Guarantees.

If an Event of Default (other than an Event of Default referred to in clause (iv) of the preceding paragraph) with respect to this Security occurs and is continuing, the Trustee by notice to the Company and the Guarantors, or by the Holders of at least 25% in aggregate principal amount of the then outstanding Securities by written notice to the Company, the Guarantors and the Trustee, may declare all of the then outstanding Securities to be due and payable immediately. If an Event of Default referred to in such clause (iv) occurs, acceleration of all amounts payable on the Securities shall be automatic. The amount due and payable upon the acceleration of any Security is equal to 100% of the principal amount thereof plus premium, if any, and accrued and unpaid interest to the date of payment. Holders may not enforce the Indenture or this Security except as provided in the Indenture. The Trustee does require indemnity reasonably satisfactory to it before it enforces the Indenture or this Security. Subject to certain limitations, Holders of a majority in aggregate principal amount of the then

outstanding Securities may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from Holders notice of any continuing default with respect to the Securities (except a default in payment of principal, premium, if any, or interest) if it determines that withholding notice is in their interests. Each of the Company and the Guarantors must furnish an annual compliance certificate to the Trustee.

11. *Discharge or Defeasance Prior to Maturity* . The Indenture shall be satisfied and discharged with respect to this Security upon the payment of all of the Securities, and it may be satisfied and discharged (except for certain obligations) upon the irrevocable deposit with the Trustee of cash, or U.S. Government Obligations or a combination thereof sufficient for such payment. The Indenture also contains provisions for defeasance of (i) the entire indebtedness of the Company on the Securities and (ii) certain restrictive covenants and the related Events of Default with respect to this Security, subject to compliance by the Company with certain conditions set forth in the Indenture.

12. *Trustee Dealings with the Company and the Guarantors* . The Trustee in its individual or any other capacity may become the owner or pledgee of this Security and may otherwise deal with the Company, the Guarantors or any of their Affiliates with the same rights it would have if it were not the Trustee.

13. *No Recourse Against Others* . A director, officer, employee or stockholder of the Company or the Guarantors, as such, shall not have any liability for any obligations of the Company or the Guarantors under this Security, the Guarantees or the Indenture or for any claim based on, in respect of or by reason of such obligations or their creation. Each Holder by accepting this Security waives and releases all such liability. The waiver and release are part of the consideration for the issuance of this Security.

14. *Authentication* . This Security shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose until authenticated by the manual signature of an authorized signatory of the Trustee, which signature shall be conclusive evidence that this Security has been authenticated under the Indenture.

15. *CUSIP Numbers* . Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures, the Company has caused a CUSIP number to be printed on this Security as a convenience to the Holders of this Security. No representation is made as to the correctness of such number either as printed on this Security or as contained in any notice of a redemption and that reliance may be placed only on the other identification numbers printed on this Security.

16. *Abbreviations* . Customary abbreviations may be used in the name of a Holder or an assignee, such as: TEN COM (= tenants in common), TEN ENT (= tenants by the entireties), JT TEN (= joint tenants with right of survivorship and not as tenants in common), CUST (= Custodian), and U/G/M/A (= Uniform Gifts to Minors Act).

17. [*Additional Rights of Holders of Restricted Global Securities and Restricted Definitive Securities* . In addition to the rights provided to Holders of Securities under the Indenture, Holders of Securities will have the rights set forth in the Registration Rights Agreement, dated as of May 22, 2015, among the Company, the Guarantors and the other parties named on the signature pages thereof.] *

18. *Governing Law* . The Indenture, this Security and the Guarantees shall be governed by and construed in accordance with, the laws of the State of New York.

The Company will furnish to any Holder upon written request and without charge a copy of the Indenture. Request may be made to it at:

Columbia Pipeline Group, Inc.
5151 San Felipe St., Suite 2500
Houston, Texas 77056
Facsimile: (713) 386-3490
Attention: Vice President & Deputy General Counsel, Corporate & Commercial

* Delete for Exchange Security

Exhibit A1-11

**FORM OF NOTATION ON SECURITY
RELATING TO GUARANTEES**

The Guarantors (which term includes any successor Person in such capacity under the Indenture), have, jointly and severally, fully, unconditionally and absolutely guaranteed, to the extent set forth in the Indenture and subject to the provisions in the Indenture, the due and punctual payment of the principal of and premium, if any, and interest on these Securities and all other amounts due and payable under the Indenture by the Company with respect to these Securities.

The obligations of the Guarantors to the Holders of Securities and to the Trustee pursuant to the Guarantees and the Indenture are expressly set forth in Article IX of the Indenture and reference is hereby made to the Indenture for the precise terms of the Guarantees.

Guarantors:

CPG OPCO LP

By: CPG OPCO GP LLC, its general partner

By: _____
Name: _____
Title: _____

COLUMBIA ENERGY GROUP

By: _____
Name: _____
Title: _____

CPG OPCO GP LLC

By: _____
Name: _____
Title: _____

ASSIGNMENT FORM

To assign this Security, fill in the form below: (I) or (we) assign and transfer this Security to: _____

(Insert assignee's social security or tax I.D. number)

(Print or type assignee's name, address and zip code)

and irrevocably appoint _____ as agent to transfer this Security on the books of the Company. The agent may substitute another to act for him.

Date: _____

Your Signature: _____
(Sign exactly as your name appears on the face of this Security)

Signature
Guarantee: _____
(Participant in a Recognized Signature Guaranty Medallion Program)

SCHEDULE OF EXCHANGES OF INTERESTS IN THE GLOBAL SECURITY**

The following increases or decreases in the principal amount of this Global Security have been made:

<u>Date of Transaction</u>	<u>Amount of Decrease in Principal Amount of Global Security</u>	<u>Amount of Increase in Principal Amount of Global Security</u>	<u>Principal Amount of Global Security Following Such Decrease (or Increase)</u>	<u>Signature of Authorized Signatory or Trustee</u>

** This Schedule should be included only if the Security is a Global Security.

Option of Holder to Elect Purchase

If you want to elect to have this Security purchased by the Company pursuant to Section 3.10 of the Indenture, check the box below:

If you want to elect to have only part of the Security purchased by the Company pursuant to Section 3.10 of the Indenture, state the amount you elect to have purchased:

\$ _____

Date: _____

Your Signature: _____

(Sign exactly as your name appears on the face of this Security)

Tax Identification No.: _____

Signature Guarantee:** _____

** Participant in a recognized Signature Guarantee Medallion Program (or other signature guarantor acceptable to the Trustee).

EXHIBIT A2

FACE OF 2020 NOTE

GLOBAL SECURITY LEGEND

THIS GLOBAL SECURITY IS HELD BY THE DEPOSITARY (AS DEFINED IN THE INDENTURE GOVERNING THIS SECURITY) OR ITS NOMINEE IN CUSTODY FOR THE BENEFIT OF THE BENEFICIAL OWNERS HEREOF, AND IS NOT TRANSFERABLE TO ANY PERSON UNDER ANY CIRCUMSTANCES EXCEPT THAT (I) THE REGISTRAR MAY MAKE SUCH NOTATIONS HEREON AS MAY BE REQUIRED PURSUANT TO SECTION 2.06 OF THE INDENTURE, (II) THIS GLOBAL SECURITY MAY BE EXCHANGED IN WHOLE BUT NOT IN PART PURSUANT TO SECTION 2.06(a) OF THE INDENTURE AND (III) THIS GLOBAL SECURITY MAY BE DELIVERED TO THE TRUSTEE FOR CANCELLATION PURSUANT TO SECTION 2.11 OF THE INDENTURE.

UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR SECURITIES IN DEFINITIVE FORM, THIS SECURITY MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY OR BY THE DEPOSITARY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY. UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY TRUST COMPANY (55 WATER STREET, NEW YORK, NEW YORK) (“DTC”) TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR SUCH OTHER ENTITY AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.*

PRIVATE PLACEMENT LEGEND

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR ANY SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

* These paragraphs should be included only if the Security is a Global Security.

THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF (1) REPRESENTS THAT (A) IT IS A “QUALIFIED INSTITUTIONAL BUYER” (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT (“RULE 144A”)), OR (B) IT IS A NON-U.S. PERSON AND IS ACQUIRING THIS SECURITY IN AN OFFSHORE TRANSACTION WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT, PURSUANT TO RULE 904 OF REGULATION S, AND (2) AGREES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE RESALE RESTRICTION TERMINATION DATE ONLY (A) TO COLUMBIA PIPELINE GROUP, INC. OR ANY OF ITS SUBSIDIARIES, (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A, TO A PERSON IT REASONABLY BELIEVES IS A “QUALIFIED INSTITUTIONAL BUYER” AS DEFINED IN RULE 144A THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES TO NON-U.S. PERSONS THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT, PURSUANT TO RULE 904 OF REGULATION S, OR (E) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN EACH CASE THE SECURITIES LAWS OF ANY OTHER JURISDICTION, INCLUDING ANY STATE OF THE UNITED STATES, SUBJECT TO THE COMPANY’S AND THE TRUSTEE’S RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL SATISFACTORY TO EACH OF THEM AND/OR A CERTIFICATE OF TRANSFER OR EXCHANGE IN THE FORM PRESCRIBED IN THE INDENTURE. THIS LEGEND WILL BE REMOVED UPON THE REQUEST OF THE HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE.

BY ITS ACQUISITION AND HOLDING OF THIS SECURITY THE HOLDER THEREOF WILL BE DEEMED TO HAVE REPRESENTED, WARRANTED AND AGREED THAT EITHER (I) IT IS NOT AND WILL NOT BE FOR SO LONG AS IT HOLDS ANY SECURITY (OR INTEREST IN A SECURITY) AN EMPLOYEE BENEFIT PLAN OR ARRANGEMENT SUBJECT TO THE FIDUCIARY RESPONSIBILITY REQUIREMENT OF TITLE I OF U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (“ERISA”), A “PLAN” OR ARRANGEMENT SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE “CODE”), OR AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE PLAN ASSETS BY REASON OF SUCH EMPLOYEE BENEFIT PLAN OR PLAN’S INVESTMENT IN THE ENTITY, OR A GOVERNMENTAL, NON-U.S., CHURCH OR OTHER PLAN WHICH IS SUBJECT TO ANY FEDERAL, STATE, LOCAL, NON-U.S. OR OTHER LAWS OR REGULATIONS THAT ARE SUBSTANTIALLY SIMILAR TO SUCH PROVISIONS OF ERISA OR THE

Exhibit A2-2

CODE (“SIMILAR LAWS”), OR (II) THE PURCHASE, HOLDING AND DISPOSITION OF THIS SECURITY WILL NOT CONSTITUTE A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR, IN THE CASE OF A GOVERNMENTAL, NON-U.S., CHURCH OR OTHER PLAN, A SIMILAR VIOLATION UNDER ANY APPLICABLE SIMILAR LAWS.**

** These paragraphs should be included only if the Security is a Restricted Definitive Security or a Restricted Global Security.

Exhibit A2-3

COLUMBIA PIPELINE GROUP, INC.

3.30% SENIOR NOTE DUE 2020

No. _____

CUSIP No. _____

\$ _____

Columbia Pipeline Group, Inc., a Delaware corporation (the "Company"), for value received promises to pay to _____ or registered assigns, the principal sum of _____ Dollars [or such greater or lesser amount as is indicated on the Schedule of Exchanges of Interests in the Global Securities on the other side of this Security*] on June 1, 2020.

Interest Payment Dates: June 1 and December 1

Record Dates: May 15 and November 15

Reference is hereby made to the further provisions of this Security set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

IN WITNESS WHEREOF, the Company has caused this Security to be signed manually or by facsimile by one of its duly authorized officers.

Dated:

COLUMBIA PIPELINE GROUP, INC.

By: _____

Name: _____

Title: _____

Certificate of Authentication:

This is one of
the Securities referred to in the within-
mentioned Indenture.

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By: _____

Authorized Signatory

* This phrase should be included only if the Security is a Global Security.

REVERSE OF SECURITY

COLUMBIA PIPELINE GROUP, INC.

3.30% SENIOR NOTE DUE 2020

This Security is one of a duly authorized issue of 3.30% Senior Notes due 2020 (the “Securities”) of Columbia Pipeline Group, Inc., a Delaware corporation (the “Company”).

1. *Interest* . The Company promises to pay interest on the principal amount of this Security at a rate of 3.30% per annum until Maturity. The Company will pay interest semi-annually on June 1 and December 1 of each year (each an “Interest Payment Date”), beginning on December 1, 2015, or if any such day is not a Business Day, on the next succeeding Business Day. Interest on this Security will accrue from the most recent Interest Payment Date on which interest has been paid or, if no interest has been paid, from May 22, 2015; *provided* that if there is no existing Default in the payment of interest, and if this Security is authenticated between a record date referred to on the face hereof and the next succeeding Interest Payment Date, interest shall accrue from such next succeeding Interest Payment Date. Further, to the extent lawful, the Company shall pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue principal, premium, if any, and interest (without regard to any applicable grace period), from time to time on demand at the rate then in effect on the Securities. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

2. *Method of Payment* . The Company will pay interest on this Security (except defaulted interest) to the Persons who are registered Holders of this Security at the close of business on the record date next preceding the Interest Payment Date, even if this Security is canceled after such record date and on or before such Interest Payment Date. The Holder must surrender this Security to a Paying Agent to collect payments of principal and premium, if any. The Company will pay the principal of and premium, if any, and interest on this Security in money of the United States of America that at the time of payment is legal tender for payment of public and private debts. Payments in respect of the Securities represented by a Global Security (including principal, premium, if any, and interest) will be made by wire transfer of immediately available funds to the accounts specified by The Depository Trust Company. The Company will make all payments in respect of a certificated Security (including principal, premium, if any, and interest) at the Corporate Trust Office of the Trustee or at the office or agency of the Paying Agent maintained for such purpose in The City of New York or, at its option, by mailing a check to the registered address of each Holder thereof; *provided, however*, that payments on a certificated Security will be made by wire transfer to a U.S. dollar account maintained by the payee with a bank in the United States if such Holder elects payment by wire transfer by giving written notice to the Trustee or the Paying Agent to such effect designating such account no later than 30 days immediately preceding the relevant due date for payment (or such other date as the Trustee may accept in its discretion).

3. *Ranking and Guarantees* . This Security is a senior unsecured obligation of the Company and is guaranteed pursuant to guarantees (the “Guarantees”) by the Guarantors. Reference is made to Article IX of the Indenture for the term relating to the Guarantees, including the release, termination and discharge thereof. The Guarantees are senior unsecured obligations of the Guarantors.

Exhibit A2-5

4. *Optional Redemption; Mandatory Redemption; Purchases upon Change of Control Triggering Event* .

(a) Prior to the Par Call Date, this Security is redeemable, at the Company's option, at any time in whole, or from time to time in part, at a Redemption Price equal to the greater of (1) 100% of the principal amount of this Security to be redeemed; and (2) the sum of the present values of the remaining scheduled payments of principal and interest thereon (at the rate in effect on the date of calculation of the Redemption Price) that would be due if this Security matured on the Par Call Date (exclusive of interest accrued to the Redemption Date) discounted to the Redemption Date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Optional Redemption Treasury Yield, plus 30 basis points, plus, in any case, accrued and unpaid interest to, but not including, the Redemption Date. On or after the Par Call Date, this Security is redeemable, at the Company's option, at any time in whole, or from time to time in part, at a Redemption Price equal to 100% of the principal amount of this Security to be redeemed plus accrued and unpaid interest to, but not including, the Redemption Date.

"Independent Investment Banker" J.P. Morgan Securities LLC, Mitsubishi UFJ Securities (USA), Inc., or Scotia Capital (USA) Inc. (and their respective successors), or, if each of such firms is unwilling or unable to select the applicable Optional Redemption Comparable Treasury Issue, an independent investment banking institution of national standing appointed by the Company.

"Optional Redemption Comparable Treasury Issue" means the U.S. Treasury security selected by an Independent Investment Banker as having a maturity comparable to the remaining term of this Security, calculated as if the maturity date of this Security were the Par Call Date (the "Remaining Life"), that would be utilized, 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 Life of this Security.

"Optional Redemption Comparable Treasury Price" means, with respect to any Redemption Date and as determined by the Independent Investment Banker, (1) the average of Optional Redemption Reference Treasury Dealer Quotations obtained by the Independent Investment Banker for the applicable Redemption Date, after excluding the highest and lowest of the Optional Redemption Reference Treasury Dealer Quotations, or (2) if the Independent Investment Banker obtains fewer than four of such Optional Redemption Reference Treasury Dealer Quotations, the average of all of such Optional Redemption Reference Treasury Dealer Quotations.

"Optional Redemption Primary Treasury Dealer" means any primary U.S. Government securities dealer in the United States.

"Optional Redemption Reference Treasury Dealer" means (1) each of J.P. Morgan Securities LLC and Scotia Capital (USA) Inc. (or their respective affiliates which are Primary Treasury Dealers), and a Primary Treasury Dealer selected by Mitsubishi UFJ Securities (USA),

Inc. and any other Primary Treasury Dealer designated by, and not affiliated with J.P. Morgan Securities LLC, Mitsubishi UFJ Securities (USA), Inc. and Scotia Capital (USA) Inc., or their respective successors, *provided, however*, that if any of the foregoing, or any of their respective designees, ceases to be a Primary Treasury Dealer, the Company will appoint another Primary Treasury Dealer as a substitute and (2) any other Primary Treasury Dealer selected by the Company.

“Optional Redemption Reference Treasury Dealer Quotations” means, with respect to each Optional Redemption Reference Treasury Dealer and any Redemption Date for this Security, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Optional Redemption Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker by the Optional Redemption Reference Treasury Dealer at 5:00 p.m., New York City time, on the third Business Day preceding such Redemption Date.

“Optional Redemption Treasury Yield” means, with respect to any Redemption Date applicable to this Security, the rate per annum equal to the semi-annual equivalent yield to maturity (computed by the Independent Investment Banker as of the third Business Day immediately preceding such Redemption Date) of the Optional Redemption Comparable Treasury Issue, assuming a price for the Optional Redemption Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the applicable Optional Redemption Comparable Treasury Price for such Redemption Date.

“Par Call Date” means May 1, 2020.

(b) Except for the Special Mandatory Redemption described in the next paragraph, the Company is not required to make mandatory redemption or sinking fund payments with respect to this Security.

As set forth in Section 10.09 of the Indenture, in the event that the Spin Off Distribution is not consummated on or prior to October 2, 2015, the Company shall be required to redeem all of the Securities, upon at least five but no more than ten Business Days’ prior notice to the Holders given in conformity with Section 11.02 of the Indenture within five Business Days following October 2, 2015, at the Mandatory Redemption Price, plus accrued and unpaid interest thereon to, but excluding, the Redemption Date. The Company may, at its option, redeem the Securities in whole, but not in part, at the Mandatory Redemption Price, plus accrued and unpaid interest thereon to, but excluding, the Redemption Date, if, prior to October 2, 2015, the Company determines in its sole discretion, that the Spin Off Distribution will not occur on or prior to that date, upon at least five but no more than ten Business Days’ prior written notice to the Holders given in conformity with Section 11.02 of the Indenture within five Business Days following October 2, 2015.

(c) Upon the occurrence of a Change of Control Triggering Event with respect to the Securities, the Holder shall have the right to require the Company to purchase all or any part (equal to \$2,000 or an integral multiple of \$1,000 in excess thereof) of this Security, pursuant to a Change of Control Offer made in accordance with Section 3.10 of the Indenture, at a purchase price in cash equal to 101% of the principal amount hereof, plus accrued and unpaid interest

hereon to, but not including, the Change of Control Payment Date (subject to the right of the holder of record of this Security on the relevant record date to receive interest on the relevant Interest Payment Date as provided in Section 3.10 of the Indenture), except to the extent that the Company shall have exercised its right to redeem this Security pursuant to the preceding paragraph (a).

(d) If Holders of not less than 90% in aggregate principal amount of the outstanding Securities validly tender and do not withdraw their Securities in a Change of Control Offer and the Company, or any third party making a Change of Control Offer in lieu of the Company, purchases all of the Securities validly tendered and not withdrawn by such holders, the Company shall have the right, upon not less than 20 nor more than 60 days' prior notice, given in conformity with Section 11.02 of the Indenture not more than 30 days following such purchase pursuant to such Change of Control Offer, to redeem this Security and all other Securities that remain outstanding following such purchase at a Redemption Price in cash equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to, but not including, the Redemption Date (subject to the right of the holder of record of this Security on the relevant record date to receive interest on the relevant Interest Payment Date as provided in Section 10.04 of the Indenture).

5. *Paying Agent and Registrar* . Initially, the Trustee will act as Paying Agent and Registrar. The Company may change any Paying Agent or Registrar without notice to any Holder. The Company or any of its Subsidiaries may act in any such capacity.

6. *Indenture* . The Company issued this Security under an Indenture dated as of May 22, 2015 (as amended, supplemented or otherwise modified from time to time, the "Indenture") among the Company, the Guarantors, and U.S. Bank National Association (the "Trustee"). The terms of this Security include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939, as amended (15 U.S. Code Sections 77aaa-77bbb). This Security and the Guarantees are subject to all such terms, and Holders are referred to the Indenture and the Trust Indenture Act for a statement of such terms. To the extent any provision of this Security conflicts with the express provisions of the Indenture, the provisions of the Indenture shall govern and be controlling (to the extent permitted by law). The Securities are unsecured obligations of the Company. The Company initially has issued \$750,000,000 aggregate principal amount of Securities. The Company may issue Additional Securities of the same series as this Security under the Indenture, *provided* that no such Additional Securities may be issued at a price that would cause such Additional Securities to have "original issue discount" within the meaning of Section 1273 of the Code. Capitalized terms used but not defined in this Security have the respective meanings given to such terms in the Indenture.

7. *Denominations, Transfer, Exchange* . The Securities are issuable only in registered form without coupons in minimum denominations of \$2,000 and integral multiples of \$1,000 in excess thereof. The transfer of this Security may be registered and this Security may be exchanged only as provided in the Indenture. The Registrar and the Trustee may require a Holder, among other things, to furnish appropriate endorsements and transfer documents and to pay any transfer tax or similar governmental charge or other fee required by law and payable in connection therewith. The Registrar need not exchange or register the transfer of this Security during the period between a record date and the corresponding Interest Payment Date.

8. *Persons Deemed Owners* . The registered Holder of a Security shall be treated as its owner for all purposes.

9. *Amendments and Waivers* . Subject to certain exceptions and limitations, the Indenture or this Security may be amended or supplemented with the consent of the Holders of a majority in aggregate principal amount of the then outstanding Securities, and compliance in a particular instance by the Company or the Guarantors with any provision of the Indenture with respect to the Securities may be waived (other than certain provisions, including any continuing Default or Event of Default in the payment of the principal of or premium, if any, or interest on the Securities) by the Holders of a majority in aggregate principal amount of the Securities then outstanding in accordance with the terms of Section 8.02 of the Indenture. Without the consent of any Holder, the Company, the Guarantors and the Trustee may amend or supplement this Security as provided in Section 8.01 of the Indenture.

The right of any Holder to participate in any consent required or sought pursuant to any provision of the Indenture (and the obligation of the Company to obtain any such consent otherwise required from such Holder) may be subject to the requirement that such Holder shall have been the Holder of record of this Security as of a record date fixed by the Company in accordance with the terms of the Indenture.

10. *Defaults and Remedies* . Events of Default with respect to this Security include: (i) default in the payment of the principal of or premium, if any, on any Security at its Maturity, and continuance of such default for a period of 10 days; or (ii) default in the payment of interest upon any of the Securities when they become due and payable, and continuance of such default for a period of 30 days; or (iii) default in the performance or observance, or breach, of any covenant of the Company or the Guarantors in any Security or the Indenture (other than a covenant a default in whose performance or whose breach is elsewhere in Section 5.01 of the Indenture specifically dealt with), and continuance of such default or breach for a period of 90 days after there has been given, in conformity with Section 11.02 of the Indenture, to the Company and the Guarantors by the Trustee or to the Company, the Guarantors and the Trustee by the Holders of at least 25% in aggregate principal amount of the outstanding Securities a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a “Notice of Default” under the Indenture; or (iv) certain events specified in the Indenture relating to the bankruptcy, insolvency or reorganization of the Company or a Guarantor; or (vi) the Guarantees cease to be in full force and effect or become unenforceable or invalid or are declared null and void (other than in accordance with the terms of such Guarantees) or a Guarantor denies or disaffirms its obligations under such Guarantees.

If an Event of Default (other than an Event of Default referred to in clause (iv) of the preceding paragraph) with respect to this Security occurs and is continuing, the Trustee by notice to the Company and the Guarantors, or by the Holders of at least 25% in aggregate principal amount of the then outstanding Securities by written notice to the Company, the Guarantors and the Trustee, may declare all of the then outstanding Securities to be due and payable immediately. If an Event of Default referred to in such clause (iv) occurs, acceleration of all

amounts payable on the Securities shall be automatic. The amount due and payable upon the acceleration of any Security is equal to 100% of the principal amount thereof plus premium, if any, and accrued and unpaid interest to the date of payment. Holders may not enforce the Indenture or this Security except as provided in the Indenture. The Trustee does require indemnity reasonably satisfactory to it before it enforces the Indenture or this Security. Subject to certain limitations, Holders of a majority in aggregate principal amount of the then outstanding Securities may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from Holders notice of any continuing default with respect to the Securities (except a default in payment of principal, premium, if any, or interest) if it determines that withholding notice is in their interests. Each of the Company and the Guarantors must furnish an annual compliance certificate to the Trustee.

11. *Discharge or Defeasance Prior to Maturity* . The Indenture shall be satisfied and discharged with respect to this Security upon the payment of all of the Securities, and it may be satisfied and discharged (except for certain obligations) upon the irrevocable deposit with the Trustee of cash, or U.S. Government Obligations or a combination thereof sufficient for such payment. The Indenture also contains provisions for defeasance of (i) the entire indebtedness of the Company on the Securities and (ii) certain restrictive covenants and the related Events of Default with respect to this Security, subject to compliance by the Company with certain conditions set forth in the Indenture.

12. *Trustee Dealings with the Company and the Guarantors* . The Trustee in its individual or any other capacity may become the owner or pledgee of this Security and may otherwise deal with the Company, the Guarantors or any of their Affiliates with the same rights it would have if it were not the Trustee.

13. *No Recourse Against Others* . A director, officer, employee or stockholder of the Company or the Guarantors, as such, shall not have any liability for any obligations of the Company or the Guarantors under this Security, the Guarantees or the Indenture or for any claim based on, in respect of or by reason of such obligations or their creation. Each Holder by accepting this Security waives and releases all such liability. The waiver and release are part of the consideration for the issuance of this Security.

14. *Authentication* . This Security shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose until authenticated by the manual signature of an authorized signatory of the Trustee, which signature shall be conclusive evidence that this Security has been authenticated under the Indenture.

15. *CUSIP Numbers* . Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures, the Company has caused a CUSIP number to be printed on this Security as a convenience to the Holders of this Security. No representation is made as to the correctness of such number either as printed on this Security or as contained in any notice of a redemption and that reliance may be placed only on the other identification numbers printed on this Security.

16. *Abbreviations* . Customary abbreviations may be used in the name of a Holder or an assignee, such as: TEN COM (= tenants in common), TEN ENT (= tenants by the entireties), JT TEN (= joint tenants with right of survivorship and not as tenants in common), CUST (= Custodian), and U/G/M/A (= Uniform Gifts to Minors Act).

17. [*Additional Rights of Holders of Restricted Global Securities and Restricted Definitive Securities* . In addition to the rights provided to Holders of Securities under the Indenture, Holders of Securities will have the rights set forth in the Registration Rights Agreement, dated as of May 22, 2015, among the Company, the Guarantors and the other parties named on the signature pages thereof.] †

18. *Governing Law* . The Indenture, this Security and the Guarantees shall be governed by and construed in accordance with, the laws of the State of New York.

The Company will furnish to any Holder upon written request and without charge a copy of the Indenture. Request may be made to it at:

Columbia Pipeline Group, Inc.
5151 San Felipe St., Suite 2500
Houston, Texas 77056
Facsimile: (713) 386-3490
Attention: Vice President & Deputy General Counsel, Corporate & Commercial

† Delete for Exchange Security

Exhibit A2-11

**FORM OF NOTATION ON SECURITY
RELATING TO GUARANTEES**

The Guarantors (which term includes any successor Person in such capacity under the Indenture), have, jointly and severally, fully, unconditionally and absolutely guaranteed, to the extent set forth in the Indenture and subject to the provisions in the Indenture, the due and punctual payment of the principal of and premium, if any, and interest on these Securities and all other amounts due and payable under the Indenture by the Company with respect to these Securities.

The obligations of the Guarantors to the Holders of Securities and to the Trustee pursuant to the Guarantees and the Indenture are expressly set forth in Article IX of the Indenture and reference is hereby made to the Indenture for the precise terms of the Guarantees.

Guarantors:

CPG OPCO LP

By: CPG OPCO GP LLC, its general partner

By: _____
Name: _____
Title: _____

COLUMBIA ENERGY GROUP

By: _____
Name: _____
Title: _____

CPG OPCO GP LLC

By: _____
Name: _____
Title: _____

ASSIGNMENT FORM

To assign this Security, fill in the form below: (I) or (we) assign and transfer this Security to: _____

(Insert assignee's social security or tax I.D. number)

(Print or type assignee's name, address and zip code)

and irrevocably appoint _____ as agent to transfer this Security on the books of the Company. The agent may substitute another to act for him.

Date: _____

Your Signature: _____
(Sign exactly as your name appears on the face of this Security)

Signature
Guarantee: _____
(Participant in a Recognized Signature Guaranty Medallion Program)

SCHEDULE OF EXCHANGES OF INTERESTS IN THE GLOBAL SECURITY**

The following increases or decreases in the principal amount of this Global Security have been made:

<u>Date of Transaction</u>	<u>Amount of Decrease in Principal Amount of Global Security</u>	<u>Amount of Increase in Principal Amount of Global Security</u>	<u>Principal Amount of Global Security Following Such Decrease (or Increase)</u>	<u>Signature of Authorized Signatory or Trustee</u>

** This Schedule should be included only if the Security is a Global Security.

Option of Holder to Elect Purchase

If you want to elect to have this Security purchased by the Company pursuant to Section 3.10 of the Indenture, check the box below:

If you want to elect to have only part of the Security purchased by the Company pursuant to Section 3.10 of the Indenture, state the amount you elect to have purchased:

\$ _____

Date: _____

Your Signature: _____
(Sign exactly as your name appears on the face of this Security)

Tax Identification No.: _____

Signature Guarantee:** _____

** Participant in a recognized Signature Guarantee Medallion Program (or other signature guarantor acceptable to the Trustee).

EXHIBIT A3

FACE OF 2025 NOTE

GLOBAL SECURITY LEGEND

THIS GLOBAL SECURITY IS HELD BY THE DEPOSITARY (AS DEFINED IN THE INDENTURE GOVERNING THIS SECURITY) OR ITS NOMINEE IN CUSTODY FOR THE BENEFIT OF THE BENEFICIAL OWNERS HEREOF, AND IS NOT TRANSFERABLE TO ANY PERSON UNDER ANY CIRCUMSTANCES EXCEPT THAT (I) THE REGISTRAR MAY MAKE SUCH NOTATIONS HEREON AS MAY BE REQUIRED PURSUANT TO SECTION 2.06 OF THE INDENTURE, (II) THIS GLOBAL SECURITY MAY BE EXCHANGED IN WHOLE BUT NOT IN PART PURSUANT TO SECTION 2.06(a) OF THE INDENTURE AND (III) THIS GLOBAL SECURITY MAY BE DELIVERED TO THE TRUSTEE FOR CANCELLATION PURSUANT TO SECTION 2.11 OF THE INDENTURE.

UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR SECURITIES IN DEFINITIVE FORM, THIS SECURITY MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY OR BY THE DEPOSITARY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY. UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY TRUST COMPANY (55 WATER STREET, NEW YORK, NEW YORK) (“DTC”) TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR SUCH OTHER ENTITY AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.*

PRIVATE PLACEMENT LEGEND

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR ANY SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

* These paragraphs should be included only if the Security is a Global Security.

THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF (1) REPRESENTS THAT (A) IT IS A “QUALIFIED INSTITUTIONAL BUYER” (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT (“RULE 144A”)), OR (B) IT IS A NON-U.S. PERSON AND IS ACQUIRING THIS SECURITY IN AN OFFSHORE TRANSACTION WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT, PURSUANT TO RULE 904 OF REGULATION S, AND (2) AGREES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE RESALE RESTRICTION TERMINATION DATE ONLY (A) TO COLUMBIA PIPELINE GROUP, INC. OR ANY OF ITS SUBSIDIARIES, (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A, TO A PERSON IT REASONABLY BELIEVES IS A “QUALIFIED INSTITUTIONAL BUYER” AS DEFINED IN RULE 144A THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES TO NON-U.S. PERSONS THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT, PURSUANT TO RULE 904 OF REGULATION S, OR (E) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN EACH CASE THE SECURITIES LAWS OF ANY OTHER JURISDICTION, INCLUDING ANY STATE OF THE UNITED STATES, SUBJECT TO THE COMPANY’S AND THE TRUSTEE’S RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL SATISFACTORY TO EACH OF THEM AND/OR A CERTIFICATE OF TRANSFER OR EXCHANGE IN THE FORM PRESCRIBED IN THE INDENTURE. THIS LEGEND WILL BE REMOVED UPON THE REQUEST OF THE HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE.

BY ITS ACQUISITION AND HOLDING OF THIS SECURITY THE HOLDER THEREOF WILL BE DEEMED TO HAVE REPRESENTED, WARRANTED AND AGREED THAT EITHER (I) IT IS NOT AND WILL NOT BE FOR SO LONG AS IT HOLDS ANY SECURITY (OR INTEREST IN A SECURITY) AN EMPLOYEE BENEFIT PLAN OR ARRANGEMENT SUBJECT TO THE FIDUCIARY RESPONSIBILITY REQUIREMENT OF TITLE I OF U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (“ERISA”), A “PLAN” OR ARRANGEMENT SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE “CODE”), OR AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE PLAN ASSETS BY REASON OF SUCH EMPLOYEE BENEFIT PLAN OR PLAN’S INVESTMENT IN THE ENTITY, OR A GOVERNMENTAL, NON-U.S., CHURCH OR OTHER PLAN WHICH IS SUBJECT TO ANY FEDERAL, STATE, LOCAL, NON-U.S. OR OTHER LAWS OR REGULATIONS THAT ARE SUBSTANTIALLY SIMILAR TO SUCH PROVISIONS OF ERISA OR THE

Exhibit A3-2

CODE (“SIMILAR LAWS”), OR (II) THE PURCHASE, HOLDING AND DISPOSITION OF THIS SECURITY WILL NOT CONSTITUTE A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR, IN THE CASE OF A GOVERNMENTAL, NON-U.S., CHURCH OR OTHER PLAN, A SIMILAR VIOLATION UNDER ANY APPLICABLE SIMILAR LAWS.**

** These paragraphs should be included only if the Security is a Restricted Definitive Security or a Restricted Global Security.

Exhibit A3-3

COLUMBIA PIPELINE GROUP, INC.

4.50% SENIOR NOTE DUE 2025

No. _____

CUSIP No. _____

\$ _____

Columbia Pipeline Group, Inc., a Delaware corporation (the "Company"), for value received promises to pay to _____ or registered assigns, the principal sum of _____ Dollars [or such greater or lesser amount as is indicated on the Schedule of Exchanges of Interests in the Global Securities on the other side of this Security*] on June 1, 2025.

Interest Payment Dates: June 1 and December 1

Record Dates: May 15 and November 15

Reference is hereby made to the further provisions of this Security set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

IN WITNESS WHEREOF, the Company has caused this Security to be signed manually or by facsimile by one of its duly authorized officers.

Dated:

COLUMBIA PIPELINE GROUP, INC.

By: _____

Name: _____

Title: _____

Certificate of Authentication:

This is one of
the Securities referred to in the within-
mentioned Indenture.

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By: _____

Authorized Signatory

* This phrase should be included only if the Security is a Global Security.

Exhibit A3-4

REVERSE OF SECURITY

COLUMBIA PIPELINE GROUP, INC.

4.50% SENIOR NOTE DUE 2025

This Security is one of a duly authorized issue of 4.50% Senior Notes due 2025 (the “Securities”) of Columbia Pipeline Group, Inc., a Delaware corporation (the “Company”).

1. *Interest* . The Company promises to pay interest on the principal amount of this Security at a rate of 4.50% per annum until Maturity. The Company will pay interest semi-annually on June 1 and December 1 of each year (each an “Interest Payment Date”), beginning on December 1, 2015, or if any such day is not a Business Day, on the next succeeding Business Day. Interest on this Security will accrue from the most recent Interest Payment Date on which interest has been paid or, if no interest has been paid, from May 22, 2015; *provided* that if there is no existing Default in the payment of interest, and if this Security is authenticated between a record date referred to on the face hereof and the next succeeding Interest Payment Date, interest shall accrue from such next succeeding Interest Payment Date. Further, to the extent lawful, the Company shall pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue principal, premium, if any, and interest (without regard to any applicable grace period), from time to time on demand at the rate then in effect on the Securities. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

2. *Method of Payment* . The Company will pay interest on this Security (except defaulted interest) to the Persons who are registered Holders of this Security at the close of business on the record date next preceding the Interest Payment Date, even if this Security is canceled after such record date and on or before such Interest Payment Date. The Holder must surrender this Security to a Paying Agent to collect payments of principal and premium, if any. The Company will pay the principal of and premium, if any, and interest on this Security in money of the United States of America that at the time of payment is legal tender for payment of public and private debts. Payments in respect of the Securities represented by a Global Security (including principal, premium, if any, and interest) will be made by wire transfer of immediately available funds to the accounts specified by The Depository Trust Company. The Company will make all payments in respect of a certificated Security (including principal, premium, if any, and interest) at the Corporate Trust Office of the Trustee or at the office or agency of the Paying Agent maintained for such purpose in The City of New York or, at its option, by mailing a check to the registered address of each Holder thereof; *provided, however*, that payments on a certificated Security will be made by wire transfer to a U.S. dollar account maintained by the payee with a bank in the United States if such Holder elects payment by wire transfer by giving written notice to the Trustee or the Paying Agent to such effect designating such account no later than 30 days immediately preceding the relevant due date for payment (or such other date as the Trustee may accept in its discretion).

3. *Ranking and Guarantees* . This Security is a senior unsecured obligation of the Company and is guaranteed pursuant to guarantees (the “Guarantees”) by the Guarantors. Reference is made to Article IX of the Indenture for the term relating to the Guarantees, including the release, termination and discharge thereof. The Guarantees are senior unsecured obligations of the Guarantors.

Exhibit A3-5

4. *Optional Redemption; Mandatory Redemption; Purchases upon Change of Control Triggering Event* .

(a) Prior to the Par Call Date, this Security is redeemable, at the Company's option, at any time in whole, or from time to time in part, at a Redemption Price equal to the greater of (1) 100% of the principal amount of this Security to be redeemed; and (2) the sum of the present values of the remaining scheduled payments of principal and interest thereon (at the rate in effect on the date of calculation of the Redemption Price) that would be due if this Security matured on the Par Call Date (exclusive of interest accrued to the Redemption Date) discounted to the Redemption Date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Optional Redemption Treasury Yield, plus 35 basis points, plus, in any case, accrued and unpaid interest to, but not including, the Redemption Date. On or after the Par Call Date, this Security is redeemable, at the Company's option, at any time in whole, or from time to time in part, at a Redemption Price equal to 100% of the principal amount of this Security to be redeemed plus accrued and unpaid interest to, but not including, the Redemption Date.

"Independent Investment Banker" J.P. Morgan Securities LLC, Mitsubishi UFJ Securities (USA), Inc., or Scotia Capital (USA) Inc. (and their respective successors), or, if each of such firms is unwilling or unable to select the applicable Optional Redemption Comparable Treasury Issue, an independent investment banking institution of national standing appointed by the Company.

"Optional Redemption Comparable Treasury Issue" means the U.S. Treasury security selected by an Independent Investment Banker as having a maturity comparable to the remaining term of this Security, calculated as if the maturity date of this Security were the Par Call Date (the "Remaining Life"), that would be utilized, 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 Life of this Security.

"Optional Redemption Comparable Treasury Price" means, with respect to any Redemption Date and as determined by the Independent Investment Banker, (1) the average of Optional Redemption Reference Treasury Dealer Quotations obtained by the Independent Investment Banker for the applicable Redemption Date, after excluding the highest and lowest of the Optional Redemption Reference Treasury Dealer Quotations, or (2) if the Independent Investment Banker obtains fewer than four of such Optional Redemption Reference Treasury Dealer Quotations, the average of all of such Optional Redemption Reference Treasury Dealer Quotations.

"Optional Redemption Primary Treasury Dealer" means any primary U.S. Government securities dealer in the United States.

"Optional Redemption Reference Treasury Dealer" means (1) each of J.P. Morgan Securities LLC and Scotia Capital (USA) Inc. (or their respective affiliates which are Primary Treasury Dealers), and a Primary Treasury Dealer selected by Mitsubishi UFJ Securities (USA),

Inc. and any other Primary Treasury Dealer designated by, and not affiliated with J.P. Morgan Securities LLC, Mitsubishi UFJ Securities (USA), Inc. and Scotia Capital (USA) Inc., or their respective successors, *provided, however*, that if any of the foregoing, or any of their respective designees, ceases to be a Primary Treasury Dealer, the Company will appoint another Primary Treasury Dealer as a substitute and (2) any other Primary Treasury Dealer selected by the Company.

“Optional Redemption Reference Treasury Dealer Quotations” means, with respect to each Optional Redemption Reference Treasury Dealer and any Redemption Date for this Security, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Optional Redemption Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker by the Optional Redemption Reference Treasury Dealer at 5:00 p.m., New York City time, on the third Business Day preceding such Redemption Date.

“Optional Redemption Treasury Yield” means, with respect to any Redemption Date applicable to this Security, the rate per annum equal to the semi-annual equivalent yield to maturity (computed by the Independent Investment Banker as of the third Business Day immediately preceding such Redemption Date) of the Optional Redemption Comparable Treasury Issue, assuming a price for the Optional Redemption Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the applicable Optional Redemption Comparable Treasury Price for such Redemption Date.

“Par Call Date” means March 1, 2025.

(b) Except for the Special Mandatory Redemption described in the next paragraph, the Company is not required to make mandatory redemption or sinking fund payments with respect to this Security.

As set forth in Section 10.09 of the Indenture, in the event that the Spin Off Distribution is not consummated on or prior to October 2, 2015, the Company shall be required to redeem all of the Securities, upon at least five but no more than ten Business Days’ prior notice to the Holders given in conformity with Section 11.02 of the Indenture within five Business Days following October 2, 2015, at the Mandatory Redemption Price, plus accrued and unpaid interest thereon to, but excluding, the Redemption Date. The Company may, at its option, redeem the Securities in whole, but not in part, at the Mandatory Redemption Price, plus accrued and unpaid interest thereon to, but excluding, the Redemption Date, if, prior to October 2, 2015, the Company determines in its sole discretion, that the Spin Off Distribution will not occur on or prior to that date, upon at least five but no more than ten Business Days’ prior written notice to the Holders given in conformity with Section 11.02 of the Indenture within five Business Days following October 2, 2015.

(c) Upon the occurrence of a Change of Control Triggering Event with respect to the Securities, the Holder shall have the right to require the Company to purchase all or any part (equal to \$2,000 or an integral multiple of \$1,000 in excess thereof) of this Security, pursuant to a Change of Control Offer made in accordance with Section 3.10 of the Indenture, at a purchase price in cash equal to 101% of the principal amount hereof, plus accrued and unpaid interest

hereon to, but not including, the Change of Control Payment Date (subject to the right of the holder of record of this Security on the relevant record date to receive interest on the relevant Interest Payment Date as provided in Section 3.10 of the Indenture), except to the extent that the Company shall have exercised its right to redeem this Security pursuant to the preceding paragraph (a).

(d) If Holders of not less than 90% in aggregate principal amount of the outstanding Securities validly tender and do not withdraw their Securities in a Change of Control Offer and the Company, or any third party making a Change of Control Offer in lieu of the Company, purchases all of the Securities validly tendered and not withdrawn by such holders, the Company shall have the right, upon not less than 20 nor more than 60 days' prior notice, given in conformity with Section 11.02 of the Indenture not more than 30 days following such purchase pursuant to such Change of Control Offer, to redeem this Security and all other Securities that remain outstanding following such purchase at a Redemption Price in cash equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to, but not including, the Redemption Date (subject to the right of the holder of record of this Security on the relevant record date to receive interest on the relevant Interest Payment Date as provided in Section 10.04 of the Indenture).

5. *Paying Agent and Registrar* . Initially, the Trustee will act as Paying Agent and Registrar. The Company may change any Paying Agent or Registrar without notice to any Holder. The Company or any of its Subsidiaries may act in any such capacity.

6. *Indenture* . The Company issued this Security under an Indenture dated as of May 22, 2015 (as amended, supplemented or otherwise modified from time to time, the "Indenture") among the Company, the Guarantors, and U.S. Bank National Association (the "Trustee"). The terms of this Security include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939, as amended (15 U.S. Code Sections 77aaa-77bbb). This Security and the Guarantees are subject to all such terms, and Holders are referred to the Indenture and the Trust Indenture Act for a statement of such terms. To the extent any provision of this Security conflicts with the express provisions of the Indenture, the provisions of the Indenture shall govern and be controlling (to the extent permitted by law). The Securities are unsecured obligations of the Company. The Company initially has issued \$1,000,000,000 aggregate principal amount of Securities. The Company may issue Additional Securities of the same series as this Security under the Indenture, *provided* that no such Additional Securities may be issued at a price that would cause such Additional Securities to have "original issue discount" within the meaning of Section 1273 of the Code. Capitalized terms used but not defined in this Security have the respective meanings given to such terms in the Indenture.

7. *Denominations, Transfer, Exchange* . The Securities are issuable only in registered form without coupons in minimum denominations of \$2,000 and integral multiples of \$1,000 in excess thereof. The transfer of this Security may be registered and this Security may be exchanged only as provided in the Indenture. The Registrar and the Trustee may require a Holder, among other things, to furnish appropriate endorsements and transfer documents and to pay any transfer tax or similar governmental charge or other fee required by law and payable in connection therewith. The Registrar need not exchange or register the transfer of this Security during the period between a record date and the corresponding Interest Payment Date.

8. *Persons Deemed Owners* . The registered Holder of a Security shall be treated as its owner for all purposes.

9. *Amendments and Waivers* . Subject to certain exceptions and limitations, the Indenture or this Security may be amended or supplemented with the consent of the Holders of a majority in aggregate principal amount of the then outstanding Securities, and compliance in a particular instance by the Company or the Guarantors with any provision of the Indenture with respect to the Securities may be waived (other than certain provisions, including any continuing Default or Event of Default in the payment of the principal of or premium, if any, or interest on the Securities) by the Holders of a majority in aggregate principal amount of the Securities then outstanding in accordance with the terms of Section 8.02 of the Indenture. Without the consent of any Holder, the Company, the Guarantors and the Trustee may amend or supplement this Security as provided in Section 8.01 of the Indenture.

The right of any Holder to participate in any consent required or sought pursuant to any provision of the Indenture (and the obligation of the Company to obtain any such consent otherwise required from such Holder) may be subject to the requirement that such Holder shall have been the Holder of record of this Security as of a record date fixed by the Company in accordance with the terms of the Indenture.

10. *Defaults and Remedies* . Events of Default with respect to this Security include: (i) default in the payment of the principal of or premium, if any, on any Security at its Maturity, and continuance of such default for a period of 10 days; or (ii) default in the payment of interest upon any of the Securities when they become due and payable, and continuance of such default for a period of 30 days; or (iii) default in the performance or observance, or breach, of any covenant of the Company or the Guarantors in any Security or the Indenture (other than a covenant a default in whose performance or whose breach is elsewhere in Section 5.01 of the Indenture specifically dealt with), and continuance of such default or breach for a period of 90 days after there has been given, in conformity with Section 11.02 of the Indenture, to the Company and the Guarantors by the Trustee or to the Company, the Guarantors and the Trustee by the Holders of at least 25% in aggregate principal amount of the outstanding Securities a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a “Notice of Default” under the Indenture; or (iv) certain events specified in the Indenture relating to the bankruptcy, insolvency or reorganization of the Company or a Guarantor; or (vi) the Guarantees cease to be in full force and effect or become unenforceable or invalid or are declared null and void (other than in accordance with the terms of such Guarantees) or a Guarantor denies or disaffirms its obligations under such Guarantees.

If an Event of Default (other than an Event of Default referred to in clause (iv) of the preceding paragraph) with respect to this Security occurs and is continuing, the Trustee by notice to the Company and the Guarantors, or by the Holders of at least 25% in aggregate principal amount of the then outstanding Securities by written notice to the Company, the Guarantors and the Trustee, may declare all of the then outstanding Securities to be due and payable immediately. If an Event of Default referred to in such clause (iv) occurs, acceleration of all

amounts payable on the Securities shall be automatic. The amount due and payable upon the acceleration of any Security is equal to 100% of the principal amount thereof plus premium, if any, and accrued and unpaid interest to the date of payment. Holders may not enforce the Indenture or this Security except as provided in the Indenture. The Trustee does require indemnity reasonably satisfactory to it before it enforces the Indenture or this Security. Subject to certain limitations, Holders of a majority in aggregate principal amount of the then outstanding Securities may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from Holders notice of any continuing default with respect to the Securities (except a default in payment of principal, premium, if any, or interest) if it determines that withholding notice is in their interests. Each of the Company and the Guarantors must furnish an annual compliance certificate to the Trustee.

11. *Discharge or Defeasance Prior to Maturity* . The Indenture shall be satisfied and discharged with respect to this Security upon the payment of all of the Securities, and it may be satisfied and discharged (except for certain obligations) upon the irrevocable deposit with the Trustee of cash, or U.S. Government Obligations or a combination thereof sufficient for such payment. The Indenture also contains provisions for defeasance of (i) the entire indebtedness of the Company on the Securities and (ii) certain restrictive covenants and the related Events of Default with respect to this Security, subject to compliance by the Company with certain conditions set forth in the Indenture.

12. *Trustee Dealings with the Company and the Guarantors* . The Trustee in its individual or any other capacity may become the owner or pledgee of this Security and may otherwise deal with the Company, the Guarantors or any of their Affiliates with the same rights it would have if it were not the Trustee.

13. *No Recourse Against Others* . A director, officer, employee or stockholder of the Company or the Guarantors, as such, shall not have any liability for any obligations of the Company or the Guarantors under this Security, the Guarantees or the Indenture or for any claim based on, in respect of or by reason of such obligations or their creation. Each Holder by accepting this Security waives and releases all such liability. The waiver and release are part of the consideration for the issuance of this Security.

14. *Authentication* . This Security shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose until authenticated by the manual signature of an authorized signatory of the Trustee, which signature shall be conclusive evidence that this Security has been authenticated under the Indenture.

15. *CUSIP Numbers* . Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures, the Company has caused a CUSIP number to be printed on this Security as a convenience to the Holders of this Security. No representation is made as to the correctness of such number either as printed on this Security or as contained in any notice of a redemption and that reliance may be placed only on the other identification numbers printed on this Security.

16. *Abbreviations* . Customary abbreviations may be used in the name of a Holder or an assignee, such as: TEN COM (= tenants in common), TEN ENT (= tenants by the entireties), JT TEN (= joint tenants with right of survivorship and not as tenants in common), CUST (= Custodian), and U/G/M/A (= Uniform Gifts to Minors Act).

17. [*Additional Rights of Holders of Restricted Global Securities and Restricted Definitive Securities* . In addition to the rights provided to Holders of Securities under the Indenture, Holders of Securities will have the rights set forth in the Registration Rights Agreement, dated as of May 22, 2015, among the Company, the Guarantors and the other parties named on the signature pages thereof.] ‡

18. *Governing Law* . The Indenture, this Security and the Guarantees shall be governed by and construed in accordance with, the laws of the State of New York.

The Company will furnish to any Holder upon written request and without charge a copy of the Indenture. Request may be made to it at:

Columbia Pipeline Group, Inc.
5151 San Felipe St., Suite 2500
Houston, Texas 77056
Facsimile: (713) 386-3490
Attention: Vice President & Deputy General Counsel, Corporate & Commercial

‡ Delete for Exchange Security

Exhibit A3-11

**FORM OF NOTATION ON SECURITY
RELATING TO GUARANTEES**

The Guarantors (which term includes any successor Person in such capacity under the Indenture), have, jointly and severally, fully, unconditionally and absolutely guaranteed, to the extent set forth in the Indenture and subject to the provisions in the Indenture, the due and punctual payment of the principal of and premium, if any, and interest on these Securities and all other amounts due and payable under the Indenture by the Company with respect to these Securities.

The obligations of the Guarantors to the Holders of Securities and to the Trustee pursuant to the Guarantees and the Indenture are expressly set forth in Article IX of the Indenture and reference is hereby made to the Indenture for the precise terms of the Guarantees.

Guarantors:

CPG OPCO LP

By: CPG OPCO GP LLC, its general partner

By: _____
Name: _____
Title: _____

COLUMBIA ENERGY GROUP

By: _____
Name: _____
Title: _____

CPG OPCO GP LLC

By: _____
Name: _____
Title: _____

ASSIGNMENT FORM

To assign this Security, fill in the form below: (I) or (we) assign and transfer this Security to: _____

(Insert assignee's social security or tax I.D. number)

(Print or type assignee's name, address and zip code)

and irrevocably appoint _____ as agent to transfer this Security on the books of the Company. The agent may substitute another to act for him.

Date: _____

Your Signature: _____
(Sign exactly as your name appears on the face of this Security)

Signature
Guarantee: _____
(Participant in a Recognized Signature Guaranty Medallion Program)

SCHEDULE OF EXCHANGES OF INTERESTS IN THE GLOBAL SECURITY**

The following increases or decreases in the principal amount of this Global Security have been made:

<u>Date of Transaction</u>	<u>Amount of Decrease in Principal Amount of Global Security</u>	<u>Amount of Increase in Principal Amount of Global Security</u>	<u>Principal Amount of Global Security Following Such Decrease (or Increase)</u>	<u>Signature of Authorized Signatory or Trustee</u>

** This Schedule should be included only if the Security is a Global Security.

Option of Holder to Elect Purchase

If you want to elect to have this Security purchased by the Company pursuant to Section 3.10 of the Indenture, check the box below:

If you want to elect to have only part of the Security purchased by the Company pursuant to Section 3.10 of the Indenture, state the amount you elect to have purchased:

\$ _____

Date: _____

Your Signature: _____
(Sign exactly as your name appears on the face of this Security)

Tax Identification No.: _____

Signature Guarantee:** _____

** Participant in a recognized Signature Guarantee Medallion Program (or other signature guarantor acceptable to the Trustee).

EXHIBIT A4

FACE OF 2045 NOTE

GLOBAL SECURITY LEGEND

THIS GLOBAL SECURITY IS HELD BY THE DEPOSITARY (AS DEFINED IN THE INDENTURE GOVERNING THIS SECURITY) OR ITS NOMINEE IN CUSTODY FOR THE BENEFIT OF THE BENEFICIAL OWNERS HEREOF, AND IS NOT TRANSFERABLE TO ANY PERSON UNDER ANY CIRCUMSTANCES EXCEPT THAT (I) THE REGISTRAR MAY MAKE SUCH NOTATIONS HEREON AS MAY BE REQUIRED PURSUANT TO SECTION 2.06 OF THE INDENTURE, (II) THIS GLOBAL SECURITY MAY BE EXCHANGED IN WHOLE BUT NOT IN PART PURSUANT TO SECTION 2.06(a) OF THE INDENTURE AND (III) THIS GLOBAL SECURITY MAY BE DELIVERED TO THE TRUSTEE FOR CANCELLATION PURSUANT TO SECTION 2.11 OF THE INDENTURE.

UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR SECURITIES IN DEFINITIVE FORM, THIS SECURITY MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY OR BY THE DEPOSITARY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY. UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY TRUST COMPANY (55 WATER STREET, NEW YORK, NEW YORK) (“DTC”) TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR SUCH OTHER ENTITY AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.*

PRIVATE PLACEMENT LEGEND

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR ANY SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

* These paragraphs should be included only if the Security is a Global Security.

THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF (1) REPRESENTS THAT (A) IT IS A “QUALIFIED INSTITUTIONAL BUYER” (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT (“RULE 144A”)), OR (B) IT IS A NON-U.S. PERSON AND IS ACQUIRING THIS SECURITY IN AN OFFSHORE TRANSACTION WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT, PURSUANT TO RULE 904 OF REGULATION S, AND (2) AGREES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE RESALE RESTRICTION TERMINATION DATE ONLY (A) TO COLUMBIA PIPELINE GROUP, INC. OR ANY OF ITS SUBSIDIARIES, (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A, TO A PERSON IT REASONABLY BELIEVES IS A “QUALIFIED INSTITUTIONAL BUYER” AS DEFINED IN RULE 144A THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES TO NON-U.S. PERSONS THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT, PURSUANT TO RULE 904 OF REGULATION S, OR (E) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN EACH CASE THE SECURITIES LAWS OF ANY OTHER JURISDICTION, INCLUDING ANY STATE OF THE UNITED STATES, SUBJECT TO THE COMPANY’S AND THE TRUSTEE’S RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL SATISFACTORY TO EACH OF THEM AND/OR A CERTIFICATE OF TRANSFER OR EXCHANGE IN THE FORM PRESCRIBED IN THE INDENTURE. THIS LEGEND WILL BE REMOVED UPON THE REQUEST OF THE HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE.

BY ITS ACQUISITION AND HOLDING OF THIS SECURITY THE HOLDER THEREOF WILL BE DEEMED TO HAVE REPRESENTED, WARRANTED AND AGREED THAT EITHER (I) IT IS NOT AND WILL NOT BE FOR SO LONG AS IT HOLDS ANY SECURITY (OR INTEREST IN A SECURITY) AN EMPLOYEE BENEFIT PLAN OR ARRANGEMENT SUBJECT TO THE FIDUCIARY RESPONSIBILITY REQUIREMENT OF TITLE I OF U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (“ERISA”), A “PLAN” OR ARRANGEMENT SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE “CODE”), OR AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE PLAN ASSETS BY REASON OF SUCH EMPLOYEE BENEFIT PLAN OR PLAN’S INVESTMENT IN THE ENTITY, OR A GOVERNMENTAL, NON-U.S., CHURCH OR OTHER PLAN WHICH IS SUBJECT TO ANY FEDERAL, STATE, LOCAL, NON-U.S. OR OTHER LAWS OR REGULATIONS THAT ARE SUBSTANTIALLY SIMILAR TO SUCH PROVISIONS OF ERISA OR THE

Exhibit A4-2

CODE (“SIMILAR LAWS”), OR (II) THE PURCHASE, HOLDING AND DISPOSITION OF THIS SECURITY WILL NOT CONSTITUTE A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR, IN THE CASE OF A GOVERNMENTAL, NON-U.S., CHURCH OR OTHER PLAN, A SIMILAR VIOLATION UNDER ANY APPLICABLE SIMILAR LAWS.**

** These paragraphs should be included only if the Security is a Restricted Definitive Security or a Restricted Global Security.

Exhibit A4-3

COLUMBIA PIPELINE GROUP, INC.

5.80% SENIOR NOTE DUE 2045

No. _____

CUSIP No. _____

\$ _____

Columbia Pipeline Group, Inc., a Delaware corporation (the "Company"), for value received promises to pay to _____ or registered assigns, the principal sum of _____ Dollars [or such greater or lesser amount as is indicated on the Schedule of Exchanges of Interests in the Global Securities on the other side of this Security*] on June 1, 2045.

Interest Payment Dates: June 1 and December 1

Record Dates: May 15 and November 15

Reference is hereby made to the further provisions of this Security set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

IN WITNESS WHEREOF, the Company has caused this Security to be signed manually or by facsimile by one of its duly authorized officers.

Dated:

COLUMBIA PIPELINE GROUP, INC.

By: _____

Name: _____

Title: _____

Certificate of Authentication:

This is one of
the Securities referred to in the within-
mentioned Indenture.

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By: _____

Authorized Signatory

* This phrase should be included only if the Security is a Global Security.

Exhibit A4-4

REVERSE OF SECURITY

COLUMBIA PIPELINE GROUP, INC.

5.80% SENIOR NOTE DUE 2045

This Security is one of a duly authorized issue of 5.80% Senior Notes due 2045 (the “Securities”) of Columbia Pipeline Group, Inc., a Delaware corporation (the “Company”).

1. *Interest* . The Company promises to pay interest on the principal amount of this Security at a rate of 5.80% per annum until Maturity. The Company will pay interest semi-annually on June 1 and December 1 of each year (each an “Interest Payment Date”), beginning on December 1, 2015, or if any such day is not a Business Day, on the next succeeding Business Day. Interest on this Security will accrue from the most recent Interest Payment Date on which interest has been paid or, if no interest has been paid, from May 22, 2015; *provided* that if there is no existing Default in the payment of interest, and if this Security is authenticated between a record date referred to on the face hereof and the next succeeding Interest Payment Date, interest shall accrue from such next succeeding Interest Payment Date. Further, to the extent lawful, the Company shall pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue principal, premium, if any, and interest (without regard to any applicable grace period), from time to time on demand at the rate then in effect on the Securities. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

2. *Method of Payment* . The Company will pay interest on this Security (except defaulted interest) to the Persons who are registered Holders of this Security at the close of business on the record date next preceding the Interest Payment Date, even if this Security is canceled after such record date and on or before such Interest Payment Date. The Holder must surrender this Security to a Paying Agent to collect payments of principal and premium, if any. The Company will pay the principal of and premium, if any, and interest on this Security in money of the United States of America that at the time of payment is legal tender for payment of public and private debts. Payments in respect of the Securities represented by a Global Security (including principal, premium, if any, and interest) will be made by wire transfer of immediately available funds to the accounts specified by The Depository Trust Company. The Company will make all payments in respect of a certificated Security (including principal, premium, if any, and interest) at the Corporate Trust Office of the Trustee or at the office or agency of the Paying Agent maintained for such purpose in The City of New York or, at its option, by mailing a check to the registered address of each Holder thereof; *provided, however*, that payments on a certificated Security will be made by wire transfer to a U.S. dollar account maintained by the payee with a bank in the United States if such Holder elects payment by wire transfer by giving written notice to the Trustee or the Paying Agent to such effect designating such account no later than 30 days immediately preceding the relevant due date for payment (or such other date as the Trustee may accept in its discretion).

3. *Ranking and Guarantees* . This Security is a senior unsecured obligation of the Company and is guaranteed pursuant to guarantees (the “Guarantees”) by the Guarantors. Reference is made to Article IX of the Indenture for the term relating to the Guarantees, including the release, termination and discharge thereof. The Guarantees are senior unsecured obligations of the Guarantors.

Exhibit A4-5

4. *Optional Redemption; Mandatory Redemption; Purchases upon Change of Control Triggering Event* .

(a) Prior to the Par Call Date, this Security is redeemable, at the Company's option, at any time in whole, or from time to time in part, at a Redemption Price equal to the greater of (1) 100% of the principal amount of this Security to be redeemed; and (2) the sum of the present values of the remaining scheduled payments of principal and interest thereon (at the rate in effect on the date of calculation of the Redemption Price) that would be due if this Security matured on the Par Call Date (exclusive of interest accrued to the Redemption Date) discounted to the Redemption Date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Optional Redemption Treasury Yield, plus 45 basis points, plus, in any case, accrued and unpaid interest to, but not including, the Redemption Date. On or after the Par Call Date, this Security is redeemable, at the Company's option, at any time in whole, or from time to time in part, at a Redemption Price equal to 100% of the principal amount of this Security to be redeemed plus accrued and unpaid interest to, but not including, the Redemption Date.

"Independent Investment Banker" J.P. Morgan Securities LLC, Mitsubishi UFJ Securities (USA), Inc., or Scotia Capital (USA) Inc. (and their respective successors), or, if each of such firms is unwilling or unable to select the applicable Optional Redemption Comparable Treasury Issue, an independent investment banking institution of national standing appointed by the Company.

"Optional Redemption Comparable Treasury Issue" means the U.S. Treasury security selected by an Independent Investment Banker as having a maturity comparable to the remaining term of this Security, calculated as if the maturity date of this Security were the Par Call Date (the "Remaining Life"), that would be utilized, 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 Life of this Security.

"Optional Redemption Comparable Treasury Price" means, with respect to any Redemption Date and as determined by the Independent Investment Banker, (1) the average of Optional Redemption Reference Treasury Dealer Quotations obtained by the Independent Investment Banker for the applicable Redemption Date, after excluding the highest and lowest of the Optional Redemption Reference Treasury Dealer Quotations, or (2) if the Independent Investment Banker obtains fewer than four of such Optional Redemption Reference Treasury Dealer Quotations, the average of all of such Optional Redemption Reference Treasury Dealer Quotations.

"Optional Redemption Primary Treasury Dealer" means any primary U.S. Government securities dealer in the United States.

"Optional Redemption Reference Treasury Dealer" means (1) each of J.P. Morgan Securities LLC and Scotia Capital (USA) Inc. (or their respective affiliates which are Primary Treasury Dealers), and a Primary Treasury Dealer selected by Mitsubishi UFJ Securities (USA),

Inc. and any other Primary Treasury Dealer designated by, and not affiliated with J.P. Morgan Securities LLC, Mitsubishi UFJ Securities (USA), Inc. and Scotia Capital (USA) Inc., or their respective successors, *provided, however*, that if any of the foregoing, or any of their respective designees, ceases to be a Primary Treasury Dealer, the Company will appoint another Primary Treasury Dealer as a substitute and (2) any other Primary Treasury Dealer selected by the Company.

“Optional Redemption Reference Treasury Dealer Quotations” means, with respect to each Optional Redemption Reference Treasury Dealer and any Redemption Date for this Security, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Optional Redemption Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker by the Optional Redemption Reference Treasury Dealer at 5:00 p.m., New York City time, on the third Business Day preceding such Redemption Date.

“Optional Redemption Treasury Yield” means, with respect to any Redemption Date applicable to this Security, the rate per annum equal to the semi-annual equivalent yield to maturity (computed by the Independent Investment Banker as of the third Business Day immediately preceding such Redemption Date) of the Optional Redemption Comparable Treasury Issue, assuming a price for the Optional Redemption Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the applicable Optional Redemption Comparable Treasury Price for such Redemption Date.

“Par Call Date” means December 1, 2044.

(b) Except for the Special Mandatory Redemption described in the next paragraph, the Company is not required to make mandatory redemption or sinking fund payments with respect to this Security.

As set forth in Section 10.09 of the Indenture, in the event that the Spin Off Distribution is not consummated on or prior to October 2, 2015, the Company shall be required to redeem all of the Securities, upon at least five but no more than ten Business Days’ prior notice to the Holders given in conformity with Section 11.02 of the Indenture within five Business Days following October 2, 2015, at the Mandatory Redemption Price, plus accrued and unpaid interest thereon to, but excluding, the Redemption Date. The Company may, at its option, redeem the Securities in whole, but not in part, at the Mandatory Redemption Price, plus accrued and unpaid interest thereon to, but excluding, the Redemption Date, if, prior to October 2, 2015, the Company determines in its sole discretion, that the Spin Off Distribution will not occur on or prior to that date, upon at least five but no more than ten Business Days’ prior written notice to the Holders given in conformity with Section 11.02 of the Indenture within five Business Days following October 2, 2015.

(c) Upon the occurrence of a Change of Control Triggering Event with respect to the Securities, the Holder shall have the right to require the Company to purchase all or any part (equal to \$2,000 or an integral multiple of \$1,000 in excess thereof) of this Security, pursuant to a Change of Control Offer made in accordance with Section 3.10 of the Indenture, at a purchase price in cash equal to 101% of the principal amount hereof, plus accrued and unpaid interest

hereon to, but not including, the Change of Control Payment Date (subject to the right of the holder of record of this Security on the relevant record date to receive interest on the relevant Interest Payment Date as provided in Section 3.10 of the Indenture), except to the extent that the Company shall have exercised its right to redeem this Security pursuant to the preceding paragraph (a).

(d) If Holders of not less than 90% in aggregate principal amount of the outstanding Securities validly tender and do not withdraw their Securities in a Change of Control Offer and the Company, or any third party making a Change of Control Offer in lieu of the Company, purchases all of the Securities validly tendered and not withdrawn by such holders, the Company shall have the right, upon not less than 20 nor more than 60 days' prior notice, given in conformity with the Section 11.02 of the Indenture not more than 30 days following such purchase pursuant to such Change of Control Offer, to redeem this Security and all other Securities that remain outstanding following such purchase at a Redemption Price in cash equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to, but not including, the Redemption Date (subject to the right of the holder of record of this Security on the relevant record date to receive interest on the relevant Interest Payment Date as provided in Section 10.04 of the Indenture).

5. *Paying Agent and Registrar* . Initially, the Trustee will act as Paying Agent and Registrar. The Company may change any Paying Agent or Registrar without notice to any Holder. The Company or any of its Subsidiaries may act in any such capacity.

6. *Indenture* . The Company issued this Security under an Indenture dated as of May 22, 2015 (as amended, supplemented or otherwise modified from time to time, the "Indenture") among the Company, the Guarantors, and U.S. Bank National Association (the "Trustee"). The terms of this Security include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939, as amended (15 U.S. Code Sections 77aaa-77bbb). This Security and the Guarantees are subject to all such terms, and Holders are referred to the Indenture and the Trust Indenture Act for a statement of such terms. To the extent any provision of this Security conflicts with the express provisions of the Indenture, the provisions of the Indenture shall govern and be controlling (to the extent permitted by law). The Securities are unsecured obligations of the Company. The Company initially has issued \$500,000,000 aggregate principal amount of Securities. The Company may issue Additional Securities of the same series as this Security under the Indenture, *provided* that no such Additional Securities may be issued at a price that would cause such Additional Securities to have "original issue discount" within the meaning of Section 1273 of the Code. Capitalized terms used but not defined in this Security have the respective meanings given to such terms in the Indenture.

7. *Denominations, Transfer, Exchange* . The Securities are issuable only in registered form without coupons in minimum denominations of \$2,000 and integral multiples of \$1,000 in excess thereof. The transfer of this Security may be registered and this Security may be exchanged only as provided in the Indenture. The Registrar and the Trustee may require a Holder, among other things, to furnish appropriate endorsements and transfer documents and to pay any transfer tax or similar governmental charge or other fee required by law and payable in connection therewith. The Registrar need not exchange or register the transfer of this Security during the period between a record date and the corresponding Interest Payment Date.

Exhibit A4-8

8. *Persons Deemed Owners* . The registered Holder of a Security shall be treated as its owner for all purposes.

9. *Amendments and Waivers* . Subject to certain exceptions and limitations, the Indenture or this Security may be amended or supplemented with the consent of the Holders of a majority in aggregate principal amount of the then outstanding Securities, and compliance in a particular instance by the Company or the Guarantors with any provision of the Indenture with respect to the Securities may be waived (other than certain provisions, including any continuing Default or Event of Default in the payment of the principal of or premium, if any, or interest on the Securities) by the Holders of a majority in aggregate principal amount of the Securities then outstanding in accordance with the terms of Section 8.02 of the Indenture. Without the consent of any Holder, the Company, the Guarantors and the Trustee may amend or supplement this Security as provided in Section 8.01 of the Indenture.

The right of any Holder to participate in any consent required or sought pursuant to any provision of the Indenture (and the obligation of the Company to obtain any such consent otherwise required from such Holder) may be subject to the requirement that such Holder shall have been the Holder of record of this Security as of a record date fixed by the Company in accordance with the terms of the Indenture.

10. *Defaults and Remedies* . Events of Default with respect to this Security include: (i) default in the payment of the principal of or premium, if any, on any Security at its Maturity, and continuance of such default for a period of 10 days; or (ii) default in the payment of interest upon any of the Securities when they become due and payable, and continuance of such default for a period of 30 days; or (iii) default in the performance or observance, or breach, of any covenant of the Company or the Guarantors in any Security or the Indenture (other than a covenant a default in whose performance or whose breach is elsewhere in Section 5.01 of the Indenture specifically dealt with), and continuance of such default or breach for a period of 90 days after there has been given, in conformity with Section 11.02 of the Indenture, to the Company and the Guarantors by the Trustee or to the Company, the Guarantors and the Trustee by the Holders of at least 25% in aggregate principal amount of the outstanding Securities a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a “Notice of Default” under the Indenture; or (iv) certain events specified in the Indenture relating to the bankruptcy, insolvency or reorganization of the Company or a Guarantor; or (v) the Guarantees cease to be in full force and effect or become unenforceable or invalid or are declared null and void (other than in accordance with the terms of such Guarantees) or a Guarantor denies or disaffirms its obligations under such Guarantees.

If an Event of Default (other than an Event of Default referred to in clause (iv) of the preceding paragraph) with respect to this Security occurs and is continuing, the Trustee by notice to the Company and the Guarantors, or by the Holders of at least 25% in aggregate principal amount of the then outstanding Securities by written notice to the Company, the Guarantors and the Trustee, may declare all of the then outstanding Securities to be due and payable immediately. If an Event of Default referred to in such clause (iv) occurs, acceleration of all

amounts payable on the Securities shall be automatic. The amount due and payable upon the acceleration of any Security is equal to 100% of the principal amount thereof plus premium, if any, and accrued and unpaid interest to the date of payment. Holders may not enforce the Indenture or this Security except as provided in the Indenture. The Trustee does require indemnity reasonably satisfactory to it before it enforces the Indenture or this Security. Subject to certain limitations, Holders of a majority in aggregate principal amount of the then outstanding Securities may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from Holders notice of any continuing default with respect to the Securities (except a default in payment of principal, premium, if any, or interest) if it determines that withholding notice is in their interests. Each of the Company and the Guarantors must furnish an annual compliance certificate to the Trustee.

11. *Discharge or Defeasance Prior to Maturity* . The Indenture shall be satisfied and discharged with respect to this Security upon the payment of all of the Securities, and it may be satisfied and discharged (except for certain obligations) upon the irrevocable deposit with the Trustee of cash, or U.S. Government Obligations or a combination thereof sufficient for such payment. The Indenture also contains provisions for defeasance of (i) the entire indebtedness of the Company on the Securities and (ii) certain restrictive covenants and the related Events of Default with respect to this Security, subject to compliance by the Company with certain conditions set forth in the Indenture.

12. *Trustee Dealings with the Company and the Guarantors* . The Trustee in its individual or any other capacity may become the owner or pledgee of this Security and may otherwise deal with the Company, the Guarantors or any of their Affiliates with the same rights it would have if it were not the Trustee.

13. *No Recourse Against Others* . A director, officer, employee or stockholder of the Company or the Guarantors, as such, shall not have any liability for any obligations of the Company or the Guarantors under this Security, the Guarantees or the Indenture or for any claim based on, in respect of or by reason of such obligations or their creation. Each Holder by accepting this Security waives and releases all such liability. The waiver and release are part of the consideration for the issuance of this Security.

14. *Authentication* . This Security shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose until authenticated by the manual signature of an authorized signatory of the Trustee, which signature shall be conclusive evidence that this Security has been authenticated under the Indenture.

15. *CUSIP Numbers* . Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures, the Company has caused a CUSIP number to be printed on this Security as a convenience to the Holders of this Security. No representation is made as to the correctness of such number either as printed on this Security or as contained in any notice of a redemption and that reliance may be placed only on the other identification numbers printed on this Security.

16. *Abbreviations* . Customary abbreviations may be used in the name of a Holder or an assignee, such as: TEN COM (= tenants in common), TEN ENT (= tenants by the entireties), JT TEN (= joint tenants with right of survivorship and not as tenants in common), CUST (= Custodian), and U/G/M/A (= Uniform Gifts to Minors Act).

17. [*Additional Rights of Holders of Restricted Global Securities and Restricted Definitive Securities* . In addition to the rights provided to Holders of Securities under the Indenture, Holders of Securities will have the rights set forth in the Registration Rights Agreement, dated as of May 22, 2015, among the Company, the Guarantors and the other parties named on the signature pages thereof.] §

18. *Governing Law* . The Indenture, this Security and the Guarantees shall be governed by and construed in accordance with, the laws of the State of New York.

The Company will furnish to any Holder upon written request and without charge a copy of the Indenture. Request may be made to it at:

Columbia Pipeline Group, Inc.
5151 San Felipe St., Suite 2500
Houston, Texas 77056
Facsimile: (713) 386-3490
Attention: Vice President & Deputy General Counsel, Corporate & Commercial

§ Delete for Exchange Security

Exhibit A4-11

**FORM OF NOTATION ON SECURITY
RELATING TO GUARANTEES**

The Guarantors (which term includes any successor Person in such capacity under the Indenture), have, jointly and severally, fully, unconditionally and absolutely guaranteed, to the extent set forth in the Indenture and subject to the provisions in the Indenture, the due and punctual payment of the principal of and premium, if any, and interest on these Securities and all other amounts due and payable under the Indenture by the Company with respect to these Securities.

The obligations of the Guarantors to the Holders of Securities and to the Trustee pursuant to the Guarantees and the Indenture are expressly set forth in Article IX of the Indenture and reference is hereby made to the Indenture for the precise terms of the Guarantees.

Guarantors:

CPG OPCO LP

By: CPG OPCO GP LLC, its general partner

By: _____
Name: _____
Title: _____

COLUMBIA ENERGY GROUP

By: _____
Name: _____
Title: _____

CPG OPCO GP LLC

By: _____
Name: _____
Title: _____

ASSIGNMENT FORM

To assign this Security, fill in the form below: (I) or (we) assign and transfer this Security to: _____

(Insert assignee's social security or tax I.D. number)

(Print or type assignee's name, address and zip code)

and irrevocably appoint _____ as agent to transfer this Security on the books of the Company. The agent may substitute another to act for him.

Date: _____

Your Signature: _____
(Sign exactly as your name appears on the face of this Security)

Signature
Guarantee: _____
(Participant in a Recognized Signature Guaranty Medallion Program)

SCHEDULE OF EXCHANGES OF INTERESTS IN THE GLOBAL SECURITY**

The following increases or decreases in the principal amount of this Global Security have been made:

<u>Date of Transaction</u>	<u>Amount of Decrease in Principal Amount of Global Security</u>	<u>Amount of Increase in Principal Amount of Global Security</u>	<u>Principal Amount of Global Security Following Such Decrease (or Increase)</u>	<u>Signature of Authorized Signatory or Trustee</u>

** This Schedule should be included only if the Security is a Global Security.

Option of Holder to Elect Purchase

If you want to elect to have this Security purchased by the Company pursuant to Section 3.10 of the Indenture, check the box below:

If you want to elect to have only part of the Security purchased by the Company pursuant to Section 3.10 of the Indenture, state the amount you elect to have purchased:

\$ _____

Date: _____

Your Signature: _____
(Sign exactly as your name appears on the face of this Security)

Tax Identification No.: _____

Signature Guarantee:** _____

** Participant in a recognized Signature Guarantee Medallion Program (or other signature guarantor acceptable to the Trustee).

EXHIBIT B

FORM OF CERTIFICATE OF TRANSFER

Columbia Pipeline Group, Inc.
5151 San Felipe St., Suite 2500
Houston, Texas 77056
Attention: Vice President & Deputy General Counsel, Corporate & Commercial
Facsimile: (713) 386-3490

U.S. Bank National Association
5555 San Felipe, Suite 1150
Houston, Texas 77056
Attention: Corporate Trust Services
Facsimile: (713) 235-9213

Re: 2.45% Senior Notes due 2018/3.30% Senior Notes due 2020/4.50% Senior Notes due 2025/5.80% Senior Notes due 2045

Reference is hereby made to the Indenture, dated as of May 22, 2015 (the "Indenture"), among Columbia Pipeline Group, Inc., as issuer (the "Company"), the guarantors named therein (the "Guarantors") and U.S. Bank National Association, as trustee. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

(the "Transferor") owns and proposes to transfer the Security[ies] or beneficial interest in such Security[ies] of the series specified in Annex A hereto, in the principal amount of \$ (the "Transfer"), to (the "Transferee"), as further specified in Annex A hereto. In connection with the Transfer, the Transferor hereby certifies that:

[CHECK ALL THAT APPLY]

1. CHECK IF TRANSFEREE IS A QIB IN ACCORDANCE WITH RULE 144A. The Transfer is being effected pursuant to and in accordance with Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and, accordingly, the Transferor hereby further certifies that the beneficial interest or Definitive Security is being transferred to a Person that the Transferor reasonably believes is purchasing the beneficial interest or Definitive Security for its own account, or for one or more accounts with respect to which such Person exercises sole investment discretion, and such Person and each such account is a "qualified institutional buyer" within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A, and such Transfer is in compliance with any applicable blue sky securities laws of any state of the United States. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Security will be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the 144A Global Security or the Restricted Definitive Security and in the Indenture and the Securities Act.

Exhibit B-1

2. CHECK IF TRANSFEREE WILL TAKE DELIVERY PURSUANT TO REGULATION S. The Transfer is being effected pursuant to and in accordance with Rule 904 under the Securities Act and, accordingly, the Transferor hereby further certifies that (i) the Transfer is not being made to a person in the United States and (x) at the time the buy order was originated, the Transferee was outside the United States or such Transferor and any Person acting on its behalf reasonably believed and believes that the Transferee was outside the United States or (y) the transaction was executed in, on or through the facilities of a designated offshore securities market and neither such Transferor nor any Person acting on its behalf knows that the transaction was prearranged with a buyer in the United States, (ii) no directed selling efforts have been made in contravention of the requirements of Rule 904(b) of Regulation S under the Securities Act, (iii) the transaction is not part of a plan or scheme to evade the registration requirements of the Securities Act and (iv) if the Transfer is being made prior to the expiration of the Restricted Period, the Transfer is not being made to a U.S. Person or for the account or benefit of a U.S. Person (other than an Initial Purchaser). Upon consummation of the proposed transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Security will be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Regulation S Global Security or the Restricted Definitive Security and in the Indenture and the Securities Act.

3. CHECK IF TRANSFEREE WILL TAKE DELIVERY PURSUANT TO ANY PROVISION OF THE SECURITIES ACT OTHER THAN RULE 144A OR REGULATION S. The Transfer is being effected in compliance with the transfer restrictions applicable to beneficial interests in Restricted Global Securities and Restricted Definitive Securities and pursuant to and in accordance with the Securities Act (other than Rule 144A or Regulation S) and any applicable "blue sky" securities laws of any state of the United States.

4. CHECK AND COMPLETE IF TRANSFEREE WILL TAKE DELIVERY OF A BENEFICIAL INTEREST IN AN UNRESTRICTED GLOBAL SECURITY OR OF AN UNRESTRICTED DEFINITIVE SECURITY:

(a) CHECK IF TRANSFER IS PURSUANT TO RULE 144. (i) The Transfer is being effected pursuant to and in accordance with Rule 144 under the Securities Act and in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any state of the United States and (ii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Security will no longer be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Global Securities or Restricted Definitive Securities and in the Indenture.

(b) CHECK IF TRANSFER IS PURSUANT TO REGULATION S. (i) The Transfer is being effected pursuant to and in accordance with Rule 904 under the Securities Act and in compliance with the transfer restrictions contained in the Indenture and any applicable

blue sky securities laws of any state of the United States and (ii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Security will no longer be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Global Securities or Restricted Definitive Securities and in the Indenture.

(c) CHECK IF TRANSFER IS PURSUANT TO OTHER EXEMPTION. (i) The Transfer is being effected pursuant to and in compliance with an exemption from the registration requirements of the Securities Act other than Rule 144 or Rule 904 and in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any state of the United States and (ii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Security will not be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Global Securities or Restricted Definitive Securities and in the Indenture.

This certificate and the statements contained herein are made for your benefit and the benefit of the Guarantors.

[Insert Name of Transferor]

By: _____
Name:
Title:

Dated:

Exhibit B-3

ANNEX A TO CERTIFICATE OF TRANSFER

1. The Transferor owns and proposes to transfer the following:

[CHECK ONE OF (a) OR (b)]

(a) a beneficial interest in a Global Security (CUSIP []), or

(b) a Restricted Definitive Security (CUSIP []).

2. After the Transfer the Transferee will hold:

[CHECK ONE]

(a) a beneficial interest in a Global Security (CUSIP []); or

(b) a Restricted Definitive Security (CUSIP []); or

(c) an Unrestricted Definitive Security (CUSIP []), in accordance with the terms of the Indenture.

Exhibit B-4

EXHIBIT C

FORM OF CERTIFICATE OF EXCHANGE

Columbia Pipeline Group, Inc.
5151 San Felipe St., Suite 2500
Houston, Texas 77056
Attention: Vice President & Deputy General Counsel, Corporate & Commercial
Facsimile: (713) 386-3490

U.S. Bank National Association
5555 San Felipe, Suite 1150
Houston, Texas 77056
Attention: Corporate Trust Services
Facsimile: (713) 235-9213

Re: 2.45% Senior Notes due 2018/3.30% Senior Notes due 2020/4.50% Senior Notes due 2025/5.80% Senior Notes due 2045

Reference is hereby made to the Indenture, dated as of May 22, 2015 (the "Indenture"), among Columbia Pipeline Group, Inc., as issuer (the "Company"), the guarantors named therein (the "Guarantors") and U.S. Bank National Association, as trustee. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

(the "Owner") owns and proposes to exchange the Security[ies] or beneficial interest in such Security[ies] of the series specified above, in the principal amount of \$ (the "Exchange"). In connection with the Exchange, the Owner hereby certifies that:

1. EXCHANGE OF RESTRICTED DEFINITIVE SECURITIES OR BENEFICIAL INTERESTS IN A RESTRICTED GLOBAL SECURITY FOR UNRESTRICTED DEFINITIVE SECURITIES OR BENEFICIAL INTERESTS IN AN UNRESTRICTED GLOBAL SECURITY:

(a) CHECK IF EXCHANGE IS FROM BENEFICIAL INTEREST IN A RESTRICTED GLOBAL SECURITY TO BENEFICIAL INTEREST IN AN UNRESTRICTED GLOBAL SECURITY. In connection with the Exchange of the Owner's beneficial interest in a Restricted Global Security for a beneficial interest in an Unrestricted Global Security in an equal principal amount, the Owner hereby certifies (i) the beneficial interest is being acquired for the Owner's own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to the Global Securities and pursuant to and in accordance with the Securities Act of 1933, as amended (the "Securities Act"), (iii) the restrictions on

¹ For Securities sold in reliance on Rule 144A.

² For Securities sold in reliance on Regulation S.

transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and (iv) the beneficial interest in an Unrestricted Global Security is being acquired in compliance with any applicable “blue sky” securities laws of any state of the United States.

(b) CHECK IF EXCHANGE IS FROM BENEFICIAL INTEREST IN A RESTRICTED GLOBAL SECURITY TO UNRESTRICTED DEFINITIVE SECURITY. In connection with the Exchange of the Owner’s beneficial interest in a Restricted Global Security for an Unrestricted Definitive Security, the Owner hereby certifies (i) the Definitive Security is being acquired for the Owner’s own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to the Restricted Global Securities and pursuant to and in accordance with the Securities Act, (iii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and (iv) the Definitive Security is being acquired in compliance with any applicable “blue sky” securities laws of any state of the United States.

(c) CHECK IF EXCHANGE IS FROM RESTRICTED DEFINITIVE SECURITY TO BENEFICIAL INTEREST IN AN UNRESTRICTED GLOBAL SECURITY. In connection with the Owner’s Exchange of a Restricted Definitive Security for a beneficial interest in an Unrestricted Global Security, the Owner hereby certifies (i) the beneficial interest is being acquired for the Owner’s own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to Restricted Definitive Securities and pursuant to and in accordance with the Securities Act, (iii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and (iv) the beneficial interest is being acquired in compliance with any applicable “blue sky” securities laws of any state of the United States.

(d) CHECK IF EXCHANGE IS FROM RESTRICTED DEFINITIVE SECURITY TO UNRESTRICTED DEFINITIVE SECURITY. In connection with the Owner’s Exchange of a Restricted Definitive Security for an Unrestricted Definitive Security, the Owner hereby certifies (i) the Unrestricted Definitive Security is being acquired for the Owner’s own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to Restricted Definitive Securities and pursuant to and in accordance with the Securities Act, (iii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and (iv) the Unrestricted Definitive Security is being acquired in compliance with any applicable “blue sky” securities laws of any state of the United States.

2. EXCHANGE OF RESTRICTED DEFINITIVE SECURITIES OR BENEFICIAL INTERESTS IN RESTRICTED GLOBAL SECURITIES FOR RESTRICTED DEFINITIVE SECURITIES OR BENEFICIAL INTERESTS IN RESTRICTED GLOBAL SECURITIES:

(a) CHECK IF EXCHANGE IS FROM BENEFICIAL INTEREST IN A RESTRICTED GLOBAL SECURITY TO RESTRICTED DEFINITIVE SECURITY. In connection with the Exchange of the Owner’s beneficial interest in a Restricted Global Security for a Restricted Definitive Security with an equal principal amount, the Owner hereby certifies that the Restricted Definitive Security is being acquired for the Owner’s own account without

transfer. Upon consummation of the proposed Exchange in accordance with the terms of the Indenture, the Restricted Definitive Security issued will continue to be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Definitive Security and in the Indenture and the Securities Act.

(b) [] CHECK IF EXCHANGE IS FROM RESTRICTED DEFINITIVE SECURITY TO BENEFICIAL INTEREST IN A RESTRICTED GLOBAL SECURITY. In connection with the Exchange of the Owner’s Restricted Definitive Security for a beneficial interest in the [CHECK ONE] [] 144A Global Security or [] Regulation S Global Security in an equal principal amount, the Owner hereby certifies (i) the beneficial interest is being acquired for the Owner’s own account without transfer and (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to the Restricted Global Securities and pursuant to and in accordance with the Securities Act, and in compliance with any applicable “blue sky” securities laws of any state of the United States. Upon consummation of the proposed Exchange in accordance with the terms of the Indenture, the beneficial interest issued will be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the relevant Restricted Global Security and in the Indenture and the Securities Act.

This certificate and the statements contained herein are made for your benefit and the benefit of the Guarantors.

[Insert Name of Owner]

By: _____
Name:
Title:

Dated:

EXHIBIT D

**[FORM OF SUPPLEMENTAL INDENTURE
TO BE DELIVERED BY SUBSEQUENT GUARANTORS]**

SUPPLEMENTAL INDENTURE (this “ *Supplemental Indenture* ”), dated as of _____, among _____ (the “ *Guaranteeing Subsidiary* ”), a subsidiary of Columbia Pipeline Group, Inc., a Delaware corporation (the “ *Company* ”), the Company, the other Guarantors (as defined in the Indenture referred to herein) and U.S. Bank National Association, as trustee under the Indenture referred to below (the “ *Trustee* ”),

WITNESSETH

WHEREAS, the Company has heretofore executed and delivered to the Trustee an indenture (the “ *Indenture* ”), dated as of May 22, 2015 providing for the issuance of four series of its Senior Notes (the “ *Notes* ”);

WHEREAS, the Indenture provides that under certain circumstances the Guaranting Subsidiary shall execute and deliver to the Trustee a supplemental indenture pursuant to which the Guaranting Subsidiary shall become a Guarantor of the Notes on the terms and subject to the release and other provisions as set forth in Article IX of the Indenture; and

WHEREAS, pursuant to Section 8.01(viii) of the Indenture, the Trustee is authorized to execute and deliver this Supplemental Indenture.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto mutually covenant and agree for the equal and ratable benefit of the Holders of the Notes as follows:

1. CAPITALIZED TERMS . Capitalized terms used herein without definition shall have the meanings assigned to them in the Indenture.

2. AGREEMENT TO GUARANTEE . The Guaranting Subsidiary hereby agrees to provide to the Trustee and the Holders an unconditional guarantee of the due and punctual payment of all amounts due and payable under the Indenture and the Notes by the Company, on the terms and subject to the release and other provisions as set forth in Article IX of the Indenture.

4. NO RECOURSE AGAINST OTHERS . A director, officer, employee or stockholder of the Company or the Guarantors, as such, shall not have any liability for any obligations of the Company or the Guarantors under the Notes, the Guarantees or the Indenture or for any claim based on, in respect of or by reason of such obligations or their creation. Each Holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes.

5. NEW YORK LAW TO GOVERN. THE LAW OF THE STATE OF NEW YORK SHALL GOVERN AND BE USED TO CONSTRUE THIS SUPPLEMENTAL INDENTURE.

6. C O U N T E R P A R T S . The parties may sign any number of copies of this Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.

7. E F F E C T O F H E A D I N G S . The Section headings herein are for convenience only and shall not affect the construction hereof.

8. T H E T R U S T E E . The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made solely by the Guaranteeing Subsidiary and the other parties hereto.

Exhibit D-2

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed as of the date first above written.

[GUARANTEEING SUBSIDIARY]

By: _____
Name:
Title:

COLUMBIA PIPELINE GROUP, INC.

By: _____
Name:
Title:

[EXISTING GUARANTORS]

By: _____
Name:
Title:

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: _____
Authorized Signatory

Exhibit D-3

REGISTRATION RIGHTS AGREEMENT

by and among

Columbia Pipeline Group, Inc.,

Subsidiary Guarantors,
listed on the signature pages hereof,

and

J.P. Morgan Securities LLC
Mitsubishi UFJ Securities (USA), Inc.
Scotia Capital (USA) Inc.
as representatives of the Initial Purchasers

Dated as of May 22, 2015

REGISTRATION RIGHTS AGREEMENT

This Registration Rights Agreement (this “Agreement”) is made and entered into as of May 22, 2015, by and among Columbia Pipeline Group, Inc., a Delaware corporation (the “Company”), the guarantors listed on the signature pages hereto (collectively, the “Guarantors” and each a “Guarantor”), and J.P. Morgan Securities LLC, Mitsubishi UFJ Securities (USA), Inc., and Scotia Capital (USA) Inc., as representatives of the initial purchasers (the “Representatives”) listed on Schedule 1 to the Purchase Agreement (as defined below) (each an “Initial Purchaser” and, collectively, the “Initial Purchasers”), each of whom has agreed to purchase the Company’s 2.45% Senior Notes due 2018 (the “Initial 2018 Notes”), the Company’s 3.30% Senior Notes due 2020 (the “Initial 2020 Notes”), the Company’s 4.50% Senior Notes due 2025 (the “Initial 2025 Notes”) and the Company’s 5.80% Senior Notes due 2045 (the “Initial 2045 Notes,” and collectively with the Initial 2018 Notes, the Initial 2020 Notes and the Initial 2025 Notes, the “Initial Notes”), fully and unconditionally guaranteed by the Guarantors (the “Guarantees”) pursuant to the Indenture (as defined below). The Initial Notes and the Guarantees relating thereto are herein collectively referred to as the “Initial Securities.”

This Agreement is made pursuant to the Purchase Agreement, dated May 19, 2015 (the “Purchase Agreement”), by and among the Company, the Guarantors and the Representatives, (i) for the benefit of the Initial Purchasers and (ii) for the benefit of the holders from time to time of the Securities (as defined below) (including the Initial Purchasers).

In order to induce the Initial Purchasers to purchase the Initial Securities, the Company has agreed to provide the registration rights set forth in this Agreement. The execution and delivery of this Agreement is a condition to the obligations of the Initial Purchasers set forth in Section 6(l) of the Purchase Agreement.

The parties hereby agree as follows:

SECTION 1 DEFINITIONS

As used in this Agreement, the following capitalized terms shall have the following meanings:

Additional Interest : As defined in Section 5 hereof.

Additional Interest Payment Date: With respect to the Initial Securities, each Interest Payment Date.

Broker-Dealer: Any broker or dealer registered under the Exchange Act.

Business Day: Any day other than a Saturday, Sunday or U.S. federal holiday or a day on which banking institutions or trust companies located in New York, New York are authorized or obligated to be closed.

Closing Date: The date of this Agreement.

Commission: The Securities and Exchange Commission.

Consummate: A registered Exchange Offer shall be deemed “Consummated” for purposes of this Agreement upon the occurrence of (i) the filing and effectiveness under the Securities Act of the Exchange Offer Registration Statement relating to the Exchange Securities to be issued in the Exchange Offer, (ii) the maintenance of such Registration Statement continuously effective and the keeping of the Exchange Offer open for a period not less than the minimum period required pursuant to Section 3(b) hereof, and (iii) the delivery by the Company to the Registrar under the Indenture of Exchange Securities of each series in the same aggregate principal amount as the aggregate principal amount of Initial Securities of the same series that were validly tendered by Holders thereof pursuant to the Exchange Offer.

Exchange Act: The Securities Exchange Act of 1934, as amended, including the rules and regulations promulgated thereunder.

Exchange 2018 Notes : The 2.45% Senior Notes due 2018, of the same series under the Indenture as the Initial 2018 Notes, to be issued to Holders in exchange for Transfer Restricted Securities pursuant to this Agreement.

Exchange 2020 Notes : The 3.30% Senior Notes due 2020, of the same series under the Indenture as the Initial 2020 Notes, to be issued to Holders in exchange for Transfer Restricted Securities pursuant to this Agreement.

Exchange 2025 Notes : The 4.50% Senior Notes due 2025, of the same series under the Indenture as the Initial 2025 Notes, to be issued to Holders in exchange for Transfer Restricted Securities pursuant to this Agreement.

Exchange 2045 Notes : The 5.80% Senior Notes due 2045, of the same series under the Indenture as the Initial 2045 Notes, to be issued to Holders in exchange for Transfer Restricted Securities pursuant to this Agreement.

Exchange Offer: An offer registered under the Securities Act by the Company and the Guarantors pursuant to a Registration Statement pursuant to which the Company and the Guarantors shall offer the Holders of all outstanding Transfer Restricted Securities of each series the opportunity to exchange all such outstanding Transfer Restricted Securities held by such Holders for Exchange Securities of the same series in an aggregate principal amount equal to the aggregate principal amount of the Transfer Restricted Securities tendered in such exchange offer by such Holders and with terms that are identical in all respects to the Transfer Restricted Securities (except that the Exchange Securities will not contain terms with respect to the interest rate step-up provision and transfer restrictions).

Exchange Offer Registration Statement: Any Registration Statement relating to an Exchange Offer, including the related Prospectus.

Exchange 2018 Securities: The Exchange 2018 Notes and the Guarantees relating thereto.

Exchange 2020 Securities: The Exchange 2020 Notes and the Guarantees relating thereto.

Exchange 2025 Securities: The Exchange 2025 Notes and the Guarantees relating thereto.

Exchange 2045 Securities: The Exchange 2045 Notes and the Guarantees relating thereto.

Exchange Securities: The Exchange 2018 Securities, the Exchange 2020 Securities, the Exchange 2025 Securities and the Exchange 2045 Securities.

Exempt Resales: The transactions in which the Initial Purchasers propose to sell the Initial Securities to certain “qualified institutional buyers,” as such term is defined in Rule 144A under the Securities Act, and to Persons in offshore transactions in reliance on Regulation S.

FINRA : Financial Industry Regulatory Authority, Inc.

Guarantees : As defined in the Indenture.

Holder: As defined in Section 2(b) hereof.

Indemnified Holder: As defined in Section 8(a) hereof.

Indenture: The Indenture, dated as of May 22, 2015, by and among the Company, the Guarantors and U.S. Bank National Association, as trustee (the “Trustee”), pursuant to which the Securities are to be issued, as such Indenture is amended or supplemented from time to time in accordance with the terms thereof.

Initial Notes: As defined in the preamble hereto, but only for so long as such securities constitute Transfer Restricted Securities.

Initial Placement: The issuance and sale by the Company of the Initial Securities to the Initial Purchasers pursuant to the Purchase Agreement.

Initial Purchasers: As defined in the preamble hereto.

Initial Securities: As defined in the preamble hereto.

Interest Payment Date: As defined in the Indenture and the Securities.

Person: An individual, partnership, limited liability company, corporation, trust, unincorporated organization or other legal entity, or a government or agency or political subdivision thereof.

Prospectus: The prospectus included in a Registration Statement, as amended or supplemented by any prospectus supplement and by all other amendments thereto, including post-effective amendments, and all material incorporated by reference into such prospectus.

Record Holder : With respect to any Interest Payment Date relating to the Securities on which Additional Interest is to be paid, each Person who is a Holder of Securities on the record date with respect to the Interest Payment Date on which such Additional Interest Payment Date shall occur.

Registration Default: As defined in Section 5 hereof.

Registration Statement: Any Exchange Offer Registration Statement or Shelf Registration Statement, which is filed pursuant to the provisions of this Agreement, in each case, including the Prospectus included therein, all amendments and supplements thereto (including post-effective amendments) and all exhibits and material incorporated by reference therein.

Securities: The Initial Securities and the Exchange Securities.

Securities Act: The Securities Act of 1933, as amended, including the rules and regulations promulgated thereunder.

Shelf Registration Statement: As defined in Section 4(a) hereof.

Transfer Restricted Securities: Each (i) Initial Security, until the earliest to occur of (a) the date on which such Initial Security is exchanged in the Exchange Offer for an Exchange Security of the same series and entitled to be resold to the public by the Holder thereof without complying with the prospectus delivery requirements of the Securities Act, (b) the date on which such Initial Security has been effectively registered under the Securities Act and disposed of in accordance with a Shelf Registration Statement, (c) if a Shelf Registration Statement is required to be filed in accordance with Section 4 hereof, one year from the effective date of such Shelf Registration Statement and (d) the date on which such Initial Security ceases to be outstanding and (ii) Exchange Security issued to a Broker-Dealer until the date on which such Security has been distributed by a Broker-Dealer pursuant to the “Plan of Distribution” contemplated by the Exchange Offer Registration Statement (including delivery of the Prospectus contained therein).

Trust Indenture Act: The Trust Indenture Act of 1939, including the rules and regulations promulgated thereunder, as in effect on the date of the Indenture.

Underwritten Registration or Underwritten Offering: A registration in which securities of the Company and the Guarantors are sold to an underwriter for reoffering to the public.

SECTION 2 SECURITIES SUBJECT TO THIS AGREEMENT

(a) *Transfer Restricted Securities*. The securities entitled to the benefits of this Agreement are the Transfer Restricted Securities.

(b) *Holders of Transfer Restricted Securities*. A Person is deemed to be a holder of Transfer Restricted Securities (each, a “Holder”) whenever such Person owns Transfer Restricted Securities.

(c) Upon the release of a Guarantor's obligation on the Securities pursuant to Section 9.03 of the Indenture, the term "Exchange Securities" as used herein shall be deemed to exclude the Guarantee by such Guarantor pursuant to the Indenture and such Guarantor shall have no further obligations with respect to this Agreement.

SECTION 3 REGISTERED EXCHANGE OFFER

(a) Unless the Exchange Offer shall not be permissible under applicable law or Commission policy (after the procedures set forth in Section 6(a) hereof have been complied with), the Company and the Guarantors shall (i) file with the Commission a Registration Statement under the Securities Act relating to the Exchange Securities and the Exchange Offer, (ii) use their reasonable best efforts to cause such Registration Statement to become effective under the Securities Act, (iii) in connection with the foregoing, file (A) all pre-effective amendments to such Registration Statement as may be necessary in order to cause such Registration Statement to become effective, (B) if applicable, a post-effective amendment to such Registration Statement pursuant to Rule 430A under the Securities Act and (C) cause all necessary filings in connection with the registration and qualification of the Exchange Securities to be made under the state securities or blue sky laws of such jurisdictions as are necessary to permit Consummation of the Exchange Offer, and (iv) promptly after such Registration Statement is declared effective, commence the Exchange Offer. The Exchange Offer Registration Statement shall be on the appropriate form permitting registration of the Exchange Securities to be offered in exchange for the Transfer Restricted Securities and to permit resales of Securities held by Broker-Dealers as contemplated by Section 3(c) hereof.

(b) If an Exchange Offer Registration Statement is required pursuant to Section 3(a) above, the Company and the Guarantors shall use their reasonable best efforts to keep the Exchange Offer open for not less than 20 Business Days (or longer if required by applicable law) after the date notice of the Exchange Offer is mailed or otherwise delivered to the Holders. The Company and the Guarantors shall cause each Exchange Offer to comply with all applicable federal and state securities laws. No securities other than the Exchange Securities shall be included in the Exchange Offer Registration Statement. If an Exchange Offer Registration Statement is required pursuant to Section 3(a) above, the Company and the Guarantors shall use their reasonable best efforts to Consummate the Exchange Offer on or prior to the 360th calendar day following the Closing Date (or if such 360th day is not a Business Day, the next succeeding Business Day).

(c) The Company shall indicate in a "Plan of Distribution" section contained in the Prospectus forming a part of any Exchange Offer Registration Statement that any Broker-Dealer who holds Initial Securities that are Transfer Restricted Securities and that were acquired for its own account as a result of market-making activities or other trading activities (other than Transfer Restricted Securities acquired directly from the Company), may exchange such Initial Securities pursuant to the Exchange Offer; however, such Broker-Dealer may be deemed to be an "underwriter" within the meaning of the Securities Act and must, therefore, deliver a prospectus meeting the requirements of the Securities Act in connection with any resales of the Exchange Securities received by such Broker-Dealer in the Exchange Offer, which prospectus delivery requirement may be satisfied by the delivery by such Broker-Dealer of the Prospectus

contained in the Exchange Offer Registration Statement. Such “Plan of Distribution” section shall also contain all other information with respect to such resales by Broker-Dealers that the Commission may require in order to permit such resales pursuant thereto, but such “Plan of Distribution” shall not name any such Broker-Dealer or disclose the amount of Initial Securities held by any such Broker-Dealer except to the extent required by the Commission as a result of a change in policy after the date of this Agreement.

If an Exchange Offer Registration Statement is required pursuant to Section 3(a) above, the Company and the Guarantors shall use their reasonable best efforts to keep the Exchange Offer Registration Statement continuously effective, supplemented and amended as required by the provisions of Section 6(c) hereof to the extent necessary to ensure that it is available for resales of Securities acquired by Broker-Dealers for their own accounts as a result of market-making activities or other trading activities, and to ensure that it conforms with the requirements of this Agreement, the Securities Act and the policies, rules and regulations of the Commission as announced from time to time, for a period ending on the earlier of (i) 180 days from the date on which the Exchange Offer Registration Statement is declared effective and (ii) the date on which Broker-Dealers are no longer required to deliver a prospectus in connection with market-making or other trading activities.

The Company shall provide sufficient copies of the latest version of such Prospectus to Broker-Dealers promptly upon request at any time during such 180-day (or shorter as provided in the foregoing sentence) period in order to facilitate such resales.

SECTION 4 SHELF REGISTRATION

(a) *Shelf Registration.* If (i) the Company and the Guarantors are not required to file an Exchange Offer Registration Statement or to consummate the Exchange Offer for the Initial Securities because the Exchange Offer is not permitted by applicable law or Commission policy (after the procedures set forth in Section 6(a) hereof have been complied with), (ii) for any other reason the Exchange Offer for the Securities is not consummated within 360 calendar days following the Closing Date (or if such 360th day is not a Business Day, the next succeeding Business Day), or (iii) with respect to any Holder of Transfer Restricted Securities (A) such Holder is prohibited by applicable law or Commission policy from participating in the Exchange Offer, or (B) such Holder may not resell the Exchange Securities acquired by it in the Exchange Offer to the public without delivering a prospectus and that the Prospectus contained in the Exchange Offer Registration Statement is not appropriate or available for such resales by such Holder, or (C) such Holder is a Broker-Dealer and holds Initial Securities acquired directly from the Company or one of its affiliates, then, upon such Holder’s request, the Company and the Guarantors shall

(x) cause to be filed, at their expense, a shelf registration statement pursuant to Rule 415 under the Securities Act, which may be an amendment to the Exchange Offer Registration Statement (in either event, the “Shelf Registration Statement”) as promptly as practicable (but in no event later than 90 days after such obligation to file arises), which Shelf Registration Statement shall provide for resales of all Transfer Restricted Securities the Holders of which shall have provided the information required pursuant to Section 4(b) hereof; and

(y) use their reasonable best efforts to cause such Shelf Registration Statement to be declared effective (or become automatically effective) under the Securities Act prior to the date that is 120 days after such obligation to file arises.

The Company and the Guarantors shall use their reasonable best efforts to keep any such Shelf Registration Statement continuously effective, supplemented and amended as required by the provisions of Sections 6(b) and (c) hereof to the extent necessary to ensure that it is available for resales of Initial Securities by the Holders of Transfer Restricted Securities entitled to the benefit of this Section 4(a), and to ensure that it conforms with the requirements of this Agreement, the Securities Act and the policies, rules and regulations of the Commission as announced from time to time, until the earlier of one year following the effective date of such Shelf Registration Statement or such time when all the Initial Securities covered by such Shelf Registration Statement have been sold pursuant to such Shelf Registration Statement or are freely tradeable by non-affiliates of the Company pursuant to Rule 144.

(b) *Provision by Holders of Certain Information in Connection with the Shelf Registration Statement* . No Holder of Transfer Restricted Securities may include any of its Transfer Restricted Securities in any Shelf Registration Statement pursuant to this Agreement unless and until such Holder furnishes to the Company in writing, within 20 Business Days after receipt of a request therefor, such information as the Company may reasonably request for use in connection with any Shelf Registration Statement or Prospectus or preliminary Prospectus included therein. Each Holder as to which any Shelf Registration Statement is being effected agrees to furnish promptly to the Company all information required to be disclosed in order to make the information previously furnished to the Company by such Holder true and correct in all material respects and not materially misleading.

SECTION 5 ADDITIONAL INTEREST

If (a) the Exchange Offer is not Consummated on or prior to the 360th calendar day following the Closing Date (or if such 360th day is not a Business Day, the next succeeding Business Day), (b) a Shelf Registration Statement applicable to the Securities is not filed or declared effective (or does not automatically become effective) on or prior to the applicable date specified in Section 4(a)(x) and (y) or (c) a Shelf Registration Statement applicable to the Securities is declared effective (or automatically becomes effective) as required but thereafter fails to remain effective or the Prospectus contained therein becomes unusable in connection with resales for more than 60 consecutive days (each such event referred to in clauses (a), (b) and (c) above, a "Registration Default"), the Company hereby agrees that, as liquidated damages, the interest rate borne by the Transfer Restricted Securities shall be increased by 0.25% per annum during the 90-day period immediately following the occurrence of any Registration Default and shall increase by 0.25% per annum at the end of each subsequent 90-day period, but in no event shall such increase exceed 0.50% per annum ("Additional Interest"), until the earlier of the completion of the Exchange Offer or the effectiveness of the Shelf Registration Statement (or such Shelf Registration Statement no longer being required to be effective or the Prospectus

again becomes usable), after which the interest rate borne by the relevant Transfer Restricted Securities will be reduced to the original interest rate borne by such Transfer Restricted Securities. Notwithstanding the foregoing, if, after the date such Additional Interest ceases to accrue, another Registration Default occurs, Additional Interest will again commence accruing pursuant to the foregoing provisions.

The Additional Interest set forth above shall be the exclusive monetary remedy available to Holders for each Registration Default.

All obligations of the Company and the Guarantors set forth in the preceding paragraph that are outstanding with respect to any Transfer Restricted Security at the time such security ceases to be a Transfer Restricted Security shall survive until such time as all such obligations with respect to such security shall have been satisfied in full.

SECTION 6 REGISTRATION PROCEDURES

(a) *Exchange Offer Registration Statement.* In connection with each Exchange Offer, the Company and the Guarantors shall comply with all of the provisions of Section 6(c) hereof, shall use their reasonable best efforts to effect such exchange to permit the sale of Transfer Restricted Securities being sold in accordance with the intended method or methods of distribution thereof. As a condition to its participation in an Exchange Offer pursuant to the terms of this Agreement, each Holder of Transfer Restricted Securities shall furnish, upon the request of the Company, prior to the Consummation thereof, a written representation to the Company (which may be contained in the letter of transmittal contemplated by the Exchange Offer Registration Statement) to the effect that (A) it is not an affiliate of the Company, (B) it is acquiring the Exchange Securities in its ordinary course of business and (C) at the time of the commencement of the Exchange Offer, it has no arrangement with any Person to participate in the distribution (within the meaning of the Securities Act) of the Exchange Securities to be issued in the Exchange Offer. In addition, all such Holders of Transfer Restricted Securities shall otherwise cooperate in the Company's preparations for the Exchange Offer. Each Holder, including any Holder that is a Broker-Dealer, will be required to acknowledge and agree that any such Holder using the Exchange Offer to participate in a distribution of the securities to be acquired in the Exchange Offer (1) could not under Commission policy as in effect on the date of this Agreement rely on the position of the Commission enunciated in Morgan Stanley and Co., Inc. (available June 5, 1991) and Exxon Capital Holdings Corporation (available May 13, 1988), as interpreted in the Commission's letter to Shearman & Sterling dated July 2, 1993, and similar no-action letters, and (2) must comply with the registration and prospectus delivery requirements of the Securities Act in connection with a secondary resale transaction and that such a secondary resale transaction should be covered by an effective registration statement containing the selling security holder information required by Item 507 or 508, as applicable, of Regulation S-K if the resales are of Exchange Securities obtained by such Holder in exchange for Initial Securities acquired by such Holder directly from the Company.

(b) *Shelf Registration Statement.* In connection with the Shelf Registration Statement, the Company and the Guarantors shall comply with all the provisions of Section 6(c) hereof and shall use their reasonable best efforts to effect such registration to permit the sale of

the Transfer Restricted Securities being sold in accordance with the intended method or methods of distribution thereof, and pursuant thereto the Company and the Guarantors will as expeditiously as practicable prepare and file with the Commission a Registration Statement relating to the registration on any appropriate form under the Securities Act, which form shall be available for the sale of the Transfer Restricted Securities in accordance with the intended method or methods of distribution thereof.

(c) *General Provisions.* In connection with any Registration Statement and any Prospectus required by this Agreement to permit the sale or resale of Transfer Restricted Securities (including, without limitation, any Registration Statement and the related Prospectus required to permit resales of Securities by Broker-Dealers), the Company and the Guarantors shall:

(i) use reasonable best efforts to keep such Registration Statement continuously effective and provide all requisite financial statements (including, if required by the Securities Act or any regulation thereunder, financial statements of the Guarantors) for the period specified in Section 3 or 4 hereof, as applicable; upon the occurrence of any event that would cause any such Registration Statement or the Prospectus contained therein (A) to contain an untrue statement of a material fact or omit to state a material fact necessary to make the statement therein not misleading or (B) not to be effective and usable for resale of Transfer Restricted Securities during the period required by this Agreement, the Company shall file promptly an appropriate amendment to such Registration Statement, in the case of clause (A), correcting any such misstatement or omission, and, in the case of either clause (A) or (B), use its reasonable best efforts to cause such amendment to be declared effective and such Registration Statement and the related Prospectus to become usable for their intended purposes as soon as practicable thereafter;

(ii) prepare and file with the Commission such amendments and post-effective amendments to such Registration Statement as may be necessary to keep such Registration Statement effective for the applicable period set forth in Section 3 or 4 hereof, as applicable, or such shorter period as will terminate when all Transfer Restricted Securities covered by such Registration Statement have been sold; cause the Prospectus to be supplemented by any required Prospectus supplement, and as so supplemented to be filed pursuant to Rule 424 under the Securities Act, and to comply fully with the applicable provisions of Rules 424, 430A and 430B under the Securities Act in a timely manner; and comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such Registration Statement during the applicable period in accordance with the intended method or methods of distribution by the sellers thereof set forth in such Registration Statement or supplement to the Prospectus;

(iii) advise the underwriter(s), if any, and any selling Holders named in any Shelf Registration Statement promptly and, if requested by such Persons, confirm such advice in writing, (A) when the Prospectus or any prospectus supplement or post-effective amendment has been filed, and, with respect to such Registration Statement or any post-effective amendment thereto, when the same has become effective, (B) of any

request by the Commission for amendments to the Registration Statement or amendments or supplements to the Prospectus or for additional information relating thereto, (C) of the issuance by the Commission of any stop order suspending the effectiveness of such Registration Statement under the Securities Act or of the suspension by any state securities commission of the qualification of the Transfer Restricted Securities for offering or sale in any jurisdiction, or the initiation of any proceeding for any of the preceding purposes, or (D) of the existence of any fact or the happening of any event that makes any statement of a material fact made in such Registration Statement, the Prospectus, any amendment or supplement thereto, or any document incorporated by reference therein untrue, or that requires the making of any additions to or changes in such Registration Statement or the Prospectus in order to make the statements therein not misleading; and if at any time the Commission shall issue any stop order suspending the effectiveness of the Registration Statement, or any state securities commission or other regulatory authority shall issue an order suspending the qualification or exemption from qualification of the Transfer Restricted Securities under state securities or blue sky laws, use their reasonable best efforts to obtain the withdrawal or lifting of such order at the earliest reasonably possible time;

(iv) furnish without charge to each selling Holder named in any Shelf Registration Statement and each of the underwriter(s), if any, before filing with the Commission, copies of such Registration Statement or any Prospectus included therein or any amendments or supplements to any such Registration Statement or Prospectus (including all documents incorporated by reference after the initial filing of such Registration Statement), which documents will be subject to the review and comment of such Holders and underwriter(s) in connection with such sale, if any, for a period of at least five Business Days, and the Company will not file any such Registration Statement or Prospectus or any amendment or supplement to any such Registration Statement or Prospectus (including all such documents incorporated by reference) to which a Holder of Transfer Restricted Securities covered by such Registration Statement or the underwriter(s), if any, shall reasonably object in writing within five Business Days after the receipt thereof (such objection to be deemed timely made upon confirmation of telecopy transmission within such period), it being understood that the objection of a selling Holder or underwriter, if any, shall be deemed to be reasonable only if such Registration Statement, amendment, Prospectus or supplement, as applicable, as proposed to be filed, contains an untrue statement of a material fact or omits to state a material fact necessary to make the statements therein not misleading;

(v) make available at reasonable times for inspection by the managing underwriter(s), if any, participating in any disposition pursuant to any Shelf Registration Statement and any attorney or accountant retained by any of the underwriter(s), all financial and other records, pertinent corporate documents and properties of the Company and the Guarantors and cause the Company's and the Guarantors' officers, directors and employees to supply all information reasonably requested by any such underwriter, attorney or accountant in connection with such Registration Statement or any post-effective amendment thereto subsequent to the filing thereof and prior to its effectiveness and to participate in meetings with investors to the extent reasonably requested by the managing underwriter(s), if any;

(vi) if requested by any selling Holders or the underwriter(s), if any, promptly incorporate in any Shelf Registration Statement or Prospectus, pursuant to a supplement or post-effective amendment if necessary, such information as such selling Holders and underwriter(s), if any, may reasonably request to have included therein, including, without limitation, information relating to the “Plan of Distribution” of the Transfer Restricted Securities, information with respect to the principal amount of Transfer Restricted Securities being sold to such underwriter(s), the purchase price being paid therefor and any other terms of the offering of the Transfer Restricted Securities to be sold in such offering; and make all required filings of such Prospectus supplement or post-effective amendment as soon as reasonably practicable after the Company is notified of the matters to be incorporated in such Prospectus supplement or post-effective amendment;

(vii) if not then rated, cause the Transfer Restricted Securities covered by any Shelf Registration Statement to be rated with the appropriate rating agencies, if so requested by the Holders of a majority in aggregate principal amount of Securities covered thereby or the underwriter(s), if any;

(viii) furnish to each selling Holder named in any Shelf Registration Statement and each of the underwriter(s), if any, without charge, at least one copy of such Registration Statement, as first filed with the Commission, and of each amendment thereto, including financial statements and schedules, and, upon their request, all documents incorporated by reference therein and all exhibits (including exhibits incorporated therein by reference);

(ix) deliver to each selling Holder named in any Shelf Registration Statement and each of the underwriter(s), if any, without charge, as many copies of the Prospectus contained therein (including each preliminary prospectus) and any amendment or supplement thereto as such Persons reasonably may request; the Company and the Guarantors hereby consent to the use of such Prospectus and any amendment or supplement thereto by each of the selling Holders and each of the underwriter(s), if any, in connection with the offering and the sale of the Transfer Restricted Securities covered by such Prospectus or any amendment or supplement thereto;

(x) in the case of a Shelf Registration Statement, enter into such agreements (including an underwriting agreement), and make such representations and warranties, and take all such other actions in connection therewith in order to expedite or facilitate the disposition of the Transfer Restricted Securities pursuant to such Registration Statement, all to such extent as may be reasonably requested by any Holder of Transfer Restricted Securities or underwriter in connection with any sale or resale pursuant to such Registration Statement; and, whether or not an underwriting agreement is entered into and whether or not the registration is an Underwritten Registration, the Company and the Guarantors shall:

(A) furnish to each selling Holder and each underwriter, if any, in such substance and scope as they may request and as are customarily made by issuers to underwriters in primary underwritten offerings, upon the date of the effectiveness of the Shelf Registration Statement:

(1) a certificate, dated the date of effectiveness of the Shelf Registration Statement, signed by (y) the President or any Vice President and (z) a principal financial or accounting officer of each of the Company and the Guarantors, confirming, as of the date thereof, the matters similar to those set forth in paragraphs (i), (ii) and (iii) of Section 6(d) of the Purchase Agreement as adjusted to reflect the Company and the Guarantors as of the date thereof and such other matters as such parties may reasonably request;

(2) an opinion, dated the date of effectiveness of the Shelf Registration Statement of counsel for the Company and the Guarantors, covering such matters as such parties may reasonably request, and in any event including a customary statement substantially to the effect that such counsel has participated in conferences with officers and other representatives of the Company and the Guarantors, representatives of the independent public accountants for the Company and the Guarantors, representatives of the underwriter(s), if any, and counsel to the underwriter(s), if any, in connection with the preparation of such Shelf Registration Statement and the related Prospectus and have considered the matters required to be stated therein and the statements contained therein, although such counsel has not independently verified the accuracy, completeness or fairness of such statements; and that such counsel advises that, on the basis of the foregoing, no facts came to such counsel's attention that caused such counsel to believe that the Shelf Registration Statement, at the time such Shelf Registration Statement or any post-effective amendment thereto became effective, contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading, or that the Prospectus contained in such Shelf Registration Statement as of its date, contained an untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. Without limiting the foregoing, such counsel may state further that such counsel assumes no responsibility for, and has not independently verified, the accuracy, completeness or fairness of the financial statements, notes and schedules and other financial data or reserves data included in any Shelf Registration Statement contemplated by this Agreement or the related Prospectus; and

(3) a customary comfort letter, dated the date of effectiveness of the Shelf Registration Statement, from the Company's independent accountants, in the customary form and covering matters of the type customarily requested to be covered in comfort letters to underwriters in connection with primary underwritten offerings;

(B) set forth in full or incorporate by reference in the underwriting agreement, if any, the indemnification provisions and procedures of Section 8 hereof with respect to all parties to be indemnified pursuant to said Section; and

(C) deliver such other documents and certificates as may be reasonably requested by such parties to evidence compliance with Section 6(c)(x)(A) hereof and with any customary conditions contained in the underwriting agreement or other agreement entered into by the Company or the Guarantors pursuant to this Section 6(c)(x), if any;

(xi) prior to any public offering of Transfer Restricted Securities pursuant to a Shelf Registration Statement, cooperate with the selling Holders, the underwriter(s), if any, and their respective counsel in connection with the registration and qualification of the Transfer Restricted Securities under the securities or blue sky laws of such jurisdictions as the selling Holders or underwriter(s) may request and do any and all other acts or things necessary or advisable to enable the disposition in such jurisdictions of the Transfer Restricted Securities covered by the Shelf Registration Statement; provided, however, that neither the Company nor any Guarantor shall be required to register or qualify as a foreign corporation where it is not then so qualified or to take any action that would subject it to the service of process in suits or to taxation in any jurisdiction where it is not then so subject;

(xii) shall issue, in accordance with the procedures of The Depository Trust Company or upon the written request of any Holder of Initial Securities covered by a Shelf Registration Statement, Exchange Securities of each series having an aggregate principal amount equal to the aggregate principal amount of Initial Securities of the same series surrendered to the Company by such Holder in exchange therefor or being sold by such Holder; such Exchange Securities to be registered in the name of such Holder or in the name of the purchasers of such Securities identified in accordance with the procedures of The Depository Trust Company or in writing by the Holder, as the case may be; in return, the Initial Securities held by such Holder shall be surrendered to the Company for cancellation;

(xiii) cooperate with the selling Holders and the underwriter(s), if any, to facilitate the timely preparation and delivery of certificates representing Transfer Restricted Securities to be sold and not bearing any restrictive legends; and enable such Transfer Restricted Securities to be in such denominations and registered in such names as the Holders or the underwriter(s), if any, may request at least two Business Days prior to any sale of Transfer Restricted Securities made by such Holders or underwriter(s);

(xiv) use their reasonable best efforts to cause the Transfer Restricted Securities covered by any Shelf Registration Statement to be registered with or approved by such other governmental agencies or authorities as may be necessary to enable the seller or sellers thereof or the underwriter(s), if any, to consummate the disposition of such Transfer Restricted Securities, subject to the proviso contained in Section 6(c)(xi) hereof;

(xv) if any fact or event contemplated by Section 6(c)(iii)(D) hereof shall exist or have occurred, prepare a supplement or post-effective amendment to such Registration Statement or related Prospectus or any document incorporated therein by reference or file any other required document so that, as thereafter delivered to the purchasers of Transfer Restricted Securities, the Prospectus will not contain an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(xvi) provide a CUSIP number for all Securities not later than the effective date of any Registration Statement covering such Securities and provide the Trustee under the Indenture with certificates for such Securities which are in a form eligible for deposit with The Depository Trust Company and take all other action necessary to ensure that all such Securities are eligible for deposit with The Depository Trust Company;

(xvii) cooperate and assist in any filings required to be made with the FINRA and in the performance of any due diligence investigation by any underwriter (including any “qualified independent underwriter”) that is required to be retained in accordance with the rules and regulations of the FINRA;

(xviii) otherwise use their reasonable best efforts to comply with all applicable rules and regulations of the Commission, and make generally available to the Company’s security holders, as soon as practicable, a consolidated earnings statement meeting the requirements of Rule 158 (which need not be audited) for the twelve-month period (A) commencing at the end of any fiscal quarter in which Transfer Restricted Securities are sold to underwriters in a firm commitment or best efforts Underwritten Offering or (B) if not sold to underwriters in such an offering, beginning with the first month of the Company’s first fiscal quarter commencing after the effective date of the Shelf Registration Statement covering such Transfer Restricted Securities;

(xix) cause the Indenture to be qualified under the Trust Indenture Act not later than the effective date of the first Registration Statement required by this Agreement, and, in connection therewith, cooperate with the Trustee and the Holders of Securities to effect such changes to the Indenture as may be required for such Indenture to be so qualified in accordance with the terms of the Trust Indenture Act; and execute and use their reasonable best efforts to cause the Trustee to execute, all documents that may be required to effect such changes and all other forms and documents required to be filed with the Commission to enable such Indenture to be so qualified in a timely manner; and

(xx) provide promptly to each Holder upon request each document filed with the Commission pursuant to the requirements of Section 13 and Section 15 of the Exchange Act to the extent not publicly available on the Commission’s website.

In connection with a Shelf Registration Statement, each Holder agrees by acquisition of a Transfer Restricted Security that, upon receipt of any notice from the Company of the existence of any fact of the kind described in Section 6(c)(iii)(D) hereof, such Holder will forthwith discontinue disposition of Transfer Restricted Securities pursuant to the applicable Shelf Registration Statement until such Holder’s receipt of the copies of the supplemented or amended

Prospectus contemplated by Section 6(c)(xv) hereof, or until it is advised in writing (the “Advice”) by the Company that the use of the Prospectus may be resumed, and has received copies of any additional or supplemental filings that are incorporated by reference in the Prospectus. If so directed by the Company, each Holder will deliver to the Company (at the Company’s expense) all copies, other than permanent file copies then in such Holder’s possession, of the Prospectus covering such Transfer Restricted Securities that was current at the time of receipt of such notice. In the event the Company shall give any such notice, the time period regarding the effectiveness of such Shelf Registration Statement set forth in Section 3 or 4 hereof, as applicable, shall be extended by the number of days during the period from and including the date of the giving of such notice pursuant to Section 6(c)(iii)(D) hereof to and including the date when each selling Holder covered by such Shelf Registration Statement shall have received the copies of the supplemented or amended Prospectus contemplated by Section 6(c)(xv) hereof or shall have received the Advice; *provided, however*, that no such extension shall be taken into account in determining whether Additional Interest is due pursuant to Section 5 hereof or the amount of such Additional Interest, it being agreed that the Company’s option to suspend use of a Shelf Registration Statement for more than 60 consecutive days pursuant to this paragraph shall be treated as a Registration Default for purposes of Section 5 hereof.

SECTION 7 REGISTRATION EXPENSES

(a) All expenses incident to the Company’s and the Guarantors’ performance of or compliance with this Agreement will be borne by the Company and the Guarantors, jointly and severally, regardless of whether a Registration Statement becomes effective, including, without limitation: (i) all registration and filing fees and expenses (including filings made by any underwriter or Holder with the FINRA (and, if applicable, the fees and expenses of any “qualified independent underwriter” and its counsel that may be required by the rules and regulations of the FINRA)); (ii) all fees and expenses of compliance with federal securities and state securities or blue sky laws; (iii) all expenses of printing (including printing certificates, if any, for the Exchange Securities to be issued in the Exchange Offer and printing of Prospectuses), messenger and delivery services and telephone; (iv) all fees and disbursements of counsel for the Company, the Guarantors and, subject to Section 7(b) hereof, reasonable fees and disbursements of counsel for the Holders of Transfer Restricted Securities; (v) all application and filing fees in connection with listing the Exchange Securities on a securities exchange or automated quotation system pursuant to the requirements thereof; and (vi) all fees and disbursements of independent certified public accountants of the Company and the Guarantors (including the expenses of any special audit and comfort letters required by or incident to such performance).

The Company and the Guarantors will, in any event, bear their internal expenses (including, without limitation, all salaries and expenses of their officers and employees performing legal or accounting duties), the expenses of any annual audit and the fees and expenses of any Person, including special experts, retained by the Company or the Guarantors.

(b) In connection with any Shelf Registration Statement required by this Agreement, the Company and the Guarantors, jointly and severally, will reimburse the Initial Purchasers and the Holders of Transfer Restricted Securities registered pursuant to the Shelf Registration

Statement, as applicable, for the reasonable fees and disbursements of not more than one counsel, who shall be Hunton & Williams LLP or such other counsel as may be chosen by the Holders of a majority in principal amount of the Transfer Restricted Securities for whose benefit such Shelf Registration Statement is being prepared.

SECTION 8 INDEMNIFICATION

(a) The Company and the Guarantors, jointly and severally, agree to indemnify and hold harmless (i) each Holder and (ii) each Person, if any, who controls (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act) any Holder (any of the Persons referred to in this clause (ii) being hereinafter referred to as a “controlling person”) and (iii) the respective officers, directors, partners, employees, representatives and agents of any Holder or any controlling person (any Person referred to in clause (i), (ii) or (iii) may hereinafter be referred to as an “Indemnified Holder”), to the fullest extent lawful, from and against any and all losses, claims, damages, liabilities, judgments, actions and expenses (including, without limitation, and as incurred, reimbursement of all reasonable costs of investigating, preparing, pursuing, settling, compromising, paying or defending any claim or action, or any investigation or proceeding by any governmental agency or body, commenced or threatened, including the reasonable fees and expenses of counsel to any Indemnified Holder), joint or several, directly or indirectly caused by, related to, based upon, arising out of or in connection with (1) any untrue statement or alleged untrue statement of a material fact contained in any Registration Statement (or any amendment or supplement thereto), or any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, or (2) any untrue statement or alleged untrue statement of a material fact contained in any Prospectus (or any amendment or supplement thereto), or any omission or alleged omission to state therein a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, in each case except insofar as such losses, claims, damages, liabilities or expenses are caused by an untrue statement or omission or alleged untrue statement or omission that is made in reliance upon and in conformity with information relating to any of the Holders furnished in writing to the Company by any of the Holders expressly for use therein. This indemnity agreement shall be in addition to any liability which the Company or the Guarantors may otherwise have.

In case any action or proceeding (including any governmental or regulatory investigation or proceeding) shall be brought or asserted against any of the Indemnified Holders with respect to which indemnity may be sought against the Company or the Guarantors, such Indemnified Holder (or the Indemnified Holder controlled by such controlling person) shall promptly notify the Company and the Guarantors in writing; *provided, however*, that the failure to give such notice shall not relieve the Company or the Guarantors of their respective obligations pursuant to this Agreement. Such Indemnified Holder shall have the right to employ its own counsel in any such action and the fees and expenses of such counsel shall be paid, as incurred, by the Company and the Guarantors (regardless of whether it is ultimately determined that an Indemnified Holder is not entitled to indemnification hereunder). The Company and the Guarantors shall not, in connection with any one such action or proceeding or separate but substantially similar or related actions or proceedings in the same jurisdiction arising out of the same general allegations or circumstances, be liable for the reasonable fees and expenses of more than one separate firm of

attorneys (in addition to any local counsel) at any time for such Indemnified Holders, which firm shall be designated by the Holders. The Company and the Guarantors shall be liable for any settlement of any such action or proceeding effected with the Company's and the Guarantors' prior written consent, which consent shall not be withheld unreasonably, and the Company and the Guarantors agree to indemnify and hold harmless any Indemnified Holder from and against any loss, claim, damage, liability or expense by reason of any settlement of any action effected with the written consent of the Company and the Guarantors. The Company and the Guarantors shall not, without the prior written consent of each Indemnified Holder, settle or compromise or consent to the entry of judgment in or otherwise seek to terminate any pending or threatened action, claim, litigation or proceeding in respect of which indemnification or contribution may be sought hereunder (whether or not any Indemnified Holder is a party thereto), unless such settlement, compromise, consent or termination (i) includes an unconditional release of each Indemnified Holder from all liability arising out of such action, claim, litigation or proceeding and (ii) does not include any statements as to or any findings of fault, culpability or failure to act by or on behalf of any Indemnified Holder.

(b) Each Holder of Transfer Restricted Securities agrees, severally and not jointly, to indemnify and hold harmless the Company, the Guarantors and their respective directors and officers who sign a Registration Statement, and any Person controlling (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act) the Company or the Guarantors, and the respective officers, directors, partners, employees, representatives and agents of each such Person, to the same extent as the foregoing indemnity from the Company and the Guarantors to each of the Indemnified Holders, but only with respect to claims and actions based on information relating to such Holder furnished in writing by such Holder expressly for use in any Registration Statement. In case any action or proceeding shall be brought against the Company, the Guarantors or their respective directors or officers or any such controlling person in respect of which indemnity may be sought against a Holder of Transfer Restricted Securities, such Holder shall have the rights and duties given the Company and the Guarantors, and the Company, the Guarantors, their respective directors and officers and such controlling person shall have the rights and duties given to each Holder by the preceding paragraph.

(c) If the indemnification provided for in this Section 8 is unavailable to an indemnified party under Section 8(a) or (b) hereof (other than by reason of exceptions provided in those Sections) in respect of any losses, claims, damages, liabilities, judgments, actions or expenses referred to therein, then each applicable indemnifying party, in lieu of indemnifying such indemnified party, shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages, liabilities or expenses in such proportion as is appropriate to reflect the relative benefits received by the Company and the Guarantors, on the one hand, and the Holders, on the other hand, from the Initial Placement (which in the case of the Company and the Guarantors shall be deemed to be equal to the total gross proceeds to the Company and the Guarantors from the Initial Placement), the amount of Additional Interest which did not become payable as a result of the filing of the Registration Statement resulting in such losses, claims, damages, liabilities, judgments actions or expenses, and such Registration Statement, or if such allocation is not permitted by applicable law, the relative fault of the Company and the Guarantors, on the one hand, and of the Holders, on the other hand, in connection with the statements or omissions which resulted in such losses, claims, damages, liabilities or expenses, as well as any other relevant equitable considerations. The relative fault

of the Company and the Guarantors on the one hand and of the Indemnified Holder on the other shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company and the Guarantors, on the one hand, or by the Indemnified Holders, on the other hand, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The amount paid or payable by a party as a result of the losses, claims, damages, liabilities and expenses referred to above shall be deemed to include, subject to the limitations set forth in the second paragraph of Section 8(a) hereof, any legal or other fees or expenses reasonably incurred by such party in connection with investigating or defending any action or claim.

The Company, the Guarantors and each Holder of Transfer Restricted Securities agree that it would not be just and equitable if contribution pursuant to this Section 8(c) were determined by pro rata allocation (even if the Holders were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to in the immediately preceding paragraph. The amount paid or payable by an indemnified party as a result of the losses, claims, damages, liabilities or expenses referred to in the immediately preceding paragraph shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 8, none of the Holders (and their related Indemnified Holders) shall be required to contribute, in the aggregate, any amount in excess of the amount by which the total discount received by such Holder with respect to the Initial Securities exceeds the amount of any damages which such Holder has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation. The Holders' obligations to contribute pursuant to this Section 8(c) are several in proportion to the respective principal amount of Initial Securities held by each of the Holders hereunder and not joint.

SECTION 9 RULE 144A

The Company and the Guarantors hereby agree with each Holder, that, at any time when the Company is not subject to Section 13 or 15 (d) of the Exchange Act and for so long as any Transfer Restricted Securities remain outstanding, they shall make available to any Holder or beneficial owner of Transfer Restricted Securities in connection with any sale thereof and any prospective purchaser of such Transfer Restricted Securities from such Holder or beneficial owner, the information required by Rule 144A(d)(4) under the Securities Act in order to permit resales of such Transfer Restricted Securities pursuant to Rule 144A under the Securities Act.

SECTION 10 PARTICIPATION IN UNDERWRITTEN REGISTRATIONS

No Holder may participate in any Underwritten Registration hereunder unless such Holder (a) agrees to sell such Holder's Transfer Restricted Securities on the basis provided in

any underwriting arrangements approved by the Persons entitled hereunder to approve such arrangements and (b) completes and executes all reasonable questionnaires, powers of attorney, indemnities, underwriting agreements, lock-up letters and other documents required under the terms of such underwriting arrangements.

SECTION 11 SELECTION OF UNDERWRITERS

The Holders of Transfer Restricted Securities covered by the Shelf Registration Statement who desire to do so may sell such Transfer Restricted Securities in an Underwritten Offering. In any such Underwritten Offering, the investment banker(s) and managing underwriter(s) that will administer such offering will be selected by the Holders of a majority in aggregate principal amount of the Transfer Restricted Securities included in such offering; *provided, however*, that such investment banker(s) and managing underwriter(s) must be reasonably satisfactory to the Company.

SECTION 12 MISCELLANEOUS

(a) *Remedies.* The Company and the Guarantors hereby agree that monetary damages would not be adequate compensation for any loss incurred by reason of a breach by them of the provisions of this Agreement and hereby agree to waive the defense in any action for specific performance that a remedy at law would be adequate.

(b) *No Inconsistent Agreements.* The Company and the Guarantors will not, on or after the date of this Agreement, enter into any agreement with respect to their securities that is inconsistent with the rights granted to the Holders in this Agreement or otherwise conflicts with the provisions hereof. The rights granted to the Holders hereunder do not in any way conflict with and are not inconsistent with the rights granted to the holders of the Company's or any Guarantors' securities under any agreement in effect on the date hereof.

(c) *Adjustments Affecting the Securities.* The Company and the Guarantors will not take any action, or permit any change within their control to occur, with respect to the Securities that would materially and adversely affect the ability of the Holders to Consummate any Exchange Offer.

(d) *Amendments and Waivers.* The provisions of this Agreement may not be amended, modified or supplemented, and waivers or consents to or departures from the provisions hereof may not be given unless the Company has (i) in the case of Section 5 hereof and this Section 12(d)(i), obtained the consent of Holders of all outstanding Transfer Restricted Securities and (ii) in the case of all other provisions hereof, obtained the consent of Holders of a majority of the outstanding principal amount of Transfer Restricted Securities (excluding any Transfer Restricted Securities held by the Company or its Affiliates). Notwithstanding the foregoing, a waiver or consent to departure from the provisions hereof that relates exclusively to the rights of Holders whose securities are being tendered pursuant to an Exchange Offer and that does not affect directly or indirectly the rights of other Holders whose securities are not being tendered pursuant to such Exchange Offer may be given by the Holders of a majority of the

outstanding principal amount of Transfer Restricted Securities being tendered or registered; provided, however, that, with respect to any matter that directly or indirectly affects the rights of any Initial Purchaser hereunder, the Company shall obtain the written consent of each such Initial Purchaser with respect to which such amendment, qualification, supplement, waiver, consent or departure is to be effective.

(e) *Notices.* All notices and other communications provided for or permitted hereunder shall be made in writing in the English language by hand-delivery, first-class mail (registered or certified, return receipt requested), telecopier, or air courier guaranteeing overnight delivery:

(i) if to a Holder, at the address set forth on the records of the Registrar under the Indenture, with a copy to the Registrar under the Indenture; and

(ii) if to the Company or the Guarantors:

Columbia Pipeline Group, Inc.
200 Civic Center Drive
Columbus, Ohio 43215
Facsimile: (614) 460-8416
Attention: Vice President, Treasurer and Chief Risk Officer

with a copy to:

Columbia Pipeline Group, Inc.
5151 San Felipe St., Suite 2500
Houston, Texas 77056
Facsimile: (713) 386-3490
Attention: Vice President & Deputy General Counsel, Corporate & Commercial

with a copy to:

Vinson & Elkins L.L.P.
1001 Fannin Street, Suite 2500
Houston, Texas 77002-6760
Facsimile: (713) 615-5794
Attention: Gillian Hobson

All such notices and communications shall be deemed to have been duly given: at the time delivered by hand, if personally delivered; five Business Days after being deposited in the mail, postage prepaid, if mailed; when receipt acknowledged, if telecopied; and on the next Business Day, if timely delivered to an air courier guaranteeing overnight delivery.

Copies of all such notices, demands or other communications shall be concurrently delivered by the Person giving the same to the Trustee at the address specified in the Indenture.

(f) *Successors and Assigns.* This Agreement shall inure to the benefit of and be binding upon the successors and assigns of each of the parties, including, without limitation, and without the need for an express assignment, subsequent Holders of Transfer Restricted Securities; *provided, however*, that this Agreement shall not inure to the benefit of or be binding upon a successor or assign of a Holder unless and to the extent such successor or assign acquired Transfer Restricted Securities from such Holder.

(g) *Counterparts.* This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

(h) *Headings.* The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

(i) *Governing Law.* THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO THE CONFLICTS OF LAW RULES THEREOF.

(j) *Severability.* In the event that any one or more of the provisions contained herein, or the application thereof in any circumstance, is held invalid, illegal or unenforceable, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions contained herein shall not be affected or impaired thereby.

(k) *Entire Agreement.* This Agreement is intended by the parties as a final expression of their agreement and intended to be a complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein with respect to the registration rights granted by the Company with respect to the Transfer Restricted Securities. This Agreement supersedes all prior agreements and understandings between the parties with respect to such subject matter.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

COLUMBIA PIPELINE GROUP, INC.

By: /s/ David J. Vajda
Name: David J. Vajda
Title: Vice President, Treasurer and Chief Risk Officer

COLUMBIA ENERGY GROUP, as Guarantor
CPG OPCO GP LLC, as Guarantor

By: /s/ David J. Vajda
Name: David J. Vajda
Title: Vice President, Treasurer and Chief Risk Officer

CPG OPCO LP, as Guarantor

By: CPG OPCO GP LLC, its general partner

By: /s/ David J. Vajda
Name: David J. Vajda
Title: Vice President, Treasurer and Chief Risk Officer

The foregoing Registration Rights Agreement is hereby confirmed and accepted as of the date first above written:

J.P. MORGAN SECURITIES LLC
MITSUBISHI UFJ SECURITIES (USA), INC.
SCOTIA CAPITAL (USA) INC.

Acting on behalf of themselves and as the
Representatives of the several Initial
Purchasers

By: J.P. MORGAN SECURITIES LLC

By: /s/ Robert Bottamedi
Name: Robert Bottamedi
Title: Vice President

By: MITSUBISHI UFJ SECURITIES (USA), INC.

By: /s/ Richard Testa
Name: Richard Testa
Title: Managing Director

By: SCOTIA CAPITAL (USA) INC.

By: /s/ Paul McKeown
Name: Paul McKeown
Title: Managing Director

NISOURCE INC/DE

FORM 8-K (Current report filing)

Filed 06/02/15 for the Period Ending 06/02/15

Address	801 EAST 86TH AVE MERRILLVILLE, IN 46410-6272
Telephone	2196475200
CIK	0001111711
Symbol	NI
Fiscal Year	12/31

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

**CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of Report (Date of earliest event reported): June 2, 2015

NiSource Inc.

(Exact Name of Registrant as Specified in Charter)

Delaware
(State or other jurisdiction
of incorporation)

001-16189
(Commission
file number)

35-2108964
(IRS Employer
Identification No.)

801 East 86th Avenue
Merrillville, Indiana
(Address of Principal Executive Offices)

46410
(Zip Code)

Registrant's telephone number, including area code: (877) 647-5990

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2 (b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4 (c))
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Item 8.01 Other Events.

On June 2, 2015, the board of directors (the “**Board**”) of NiSource Inc. (“**NiSource**”) formally approved the previously announced separation (the “**Separation**”) of NiSource’s natural gas pipeline and related businesses into a stand-alone publicly traded company through the *pro rata* distribution (the “**Distribution**”) of all of the outstanding shares of common stock of Columbia Pipeline Group, Inc. (“**CPG**”) to NiSource stockholders, subject to the satisfaction or waiver of certain conditions. The Board set the record date for the Distribution as 5:00 p.m. Central time on June 19, 2015 (the “**Record Date**”). The Distribution is expected to occur after the close of trading on the New York Stock Exchange on July 1, 2015 (the “**Distribution Date**”). In the Distribution, each NiSource stockholder as of the Record Date will receive one share of CPG common stock for every one share of NiSource common stock held as of the Record Date. NiSource stockholders will receive cash in lieu of fractional shares of CPG common stock.

On June 2, 2015, NiSource issued a press release announcing that the Board formally approved the Separation, subject to the satisfaction or waiver of certain conditions.

NiSource currently expects that all conditions to the Separation and Distribution will be satisfied on or prior to the Distribution Date. However, the Separation and Distribution remain subject to the risks and uncertainties identified in the forward-looking statements section of the press release furnished as Exhibit 99.1 to this Current Report on Form 8-K, which forward-looking statements section is incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.

(d) *Exhibits*

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press Release issued by NiSource Inc. on June 2, 2015

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 hereunto duly authorized.

June 2, 2015

NISOURCE INC.

By: /s/ Carrie J. Hightman

Carrie J. Hightman

Executive Vice President and Chief Legal Officer

EXHIBIT INDEX

**Exhibit
Number**

Description

99.1

Press Release issued by NiSource Inc. on June 2, 2015



NEWS RELEASE

June 2, 2015

FOR ADDITIONAL INFORMATION:**Media:**

Ken Stammen (NiSource) Communications Manager (614) 460-5544 kstammen@nisource.com	James Yardley (CPG) Director, External Communications (713) 386-3366 jyardley@nisource.com
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Investors:

Randy Hulen Vice President (219) 647-5688 rghulen@nisource.com	Bruce Connery Vice President (713) 386-3603 blconnery@nisource.com
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NiSource Board of Directors approves separation of Columbia Pipeline Group

- Record Date – June 19, 2015
- Distribution Date – July 1, 2015
- Columbia Pipeline Group expects to begin “regular way” trading on the NYSE on July 2, 2015

MERRILLVILLE, Ind. – NiSource Inc. (NYSE: NI) announced today that its Board of Directors approved the separation of Columbia Pipeline Group (CPG) from NiSource through a distribution of CPG common stock to NiSource shareholders. In connection with the Board’s approval, NiSource confirmed the distribution ratio, record date and distribution date for the separation.

As a result, the following will occur:

- The distribution of CPG common stock is expected to be made after the close of trading on the New York Stock Exchange (NYSE) on July 1, 2015 (the “distribution date”) to NiSource shareholders of record as of 5:00 p.m. Central Time on June 19, 2015 (the “record date”).
- On the distribution date, NiSource shareholders will receive one (1) share of CPG common stock for every one (1) share of NiSource common stock held as of the record date.
- Following the distribution, CPG will be an independent, publicly traded company (NYSE: CPGX), and NiSource will retain no ownership interest in CPG.

“Today’s announcement marks another important milestone in NiSource’s history and our commitment to building and enhancing shareholder value,” NiSource President & Chief Executive Officer **Robert C. Skaggs, Jr.** said. “As independent, highly focused, premier entities, both NiSource and CPG will benefit from the size and scale of their distinct assets and customer bases. And, both are positioned to deliver enhanced long-term growth supported by investment grade credit ratings, long-term infrastructure investment opportunities, growing dividends and solid leadership.”



801 East 86th Avenue
Merrillville, IN 46410



5151 San Felipe
Houston, TX 77056

NiSource will remain one of the largest natural gas utility companies in the United States, serving more than 3.4 million customers in seven states under the Columbia Gas and NIPSCO brands. The company also will continue to provide electric distribution, generation and transmission services for approximately 450,000 NIPSCO electric customers in northern Indiana. NiSource will continue to be headquartered in Merrillville, Indiana, and plans to maintain current levels of community involvement, charitable giving and economic development support following the separation.

CPG, based in Houston, after separation will include Columbia Gas Transmission, Columbia Gulf Transmission, Columbia Midstream Group, its ownership in Columbia Pipeline Partners (NYSE: CPPL), and other natural gas pipeline, storage and midstream holdings currently owned by NiSource. In total CPG operates more than 15,000 miles of natural gas transmission pipelines, nearly 300 billion cubic feet of underground natural gas storage working capacity, and a growing portfolio of midstream and related facilities. Additional information about CPG can be found at www.columbiapipelinegroup.com.

As announced in December 2014, upon completion of the separation, Skaggs will become Chairman and CEO of CPG. **Joseph Hamrock**, currently executive vice president and group CEO of NiSource's Gas Distribution business unit, will be named NiSource President and CEO and appointed to its Board.

Expected to continue serving on the NiSource Board following the separation are current independent NiSource board members **Richard L. Thompson**, who is expected to continue serving as Board Chairman, **Richard A. Abdo**, **Michael E. Jesanis**, **Aristides S. Candris** and **Carolyn Y. Woo**.

Members of NiSource's current Board expected to join the CPG Board upon separation are independent board members **Sigmund L. Cornelius**, **Marty R. Kittrell**, **W. Lee Nutter**, **Deborah S. Parker** and **Teresa A. Taylor**. None of these expected CPG directors are expected to continue to serve on the NiSource Board following the separation.

Trading of NiSource and CPG shares

Shares of NiSource common stock will continue to trade "regular way" on the New York Stock Exchange (NYSE) under the symbol "NI" through and after the distribution date. Any holder of NiSource common stock who sells NiSource shares "regular way" after the record date or on or before the distribution date will also be selling their right to receive shares of CPG common stock in the distribution. It is anticipated that NiSource shares will also trade "ex-distribution" (without the right to receive shares of CPG common stock in the distribution) beginning on or about June 17, and continuing through the distribution date, under the symbol "NI WI." Investors should consult with their financial advisors about selling their shares of NiSource common stock on or after the record date and on or before the distribution date.

A "when issued" public trading market for CPG common stock is expected to begin on or about June 17 on the NYSE under the symbol "CPGX WI" and continue through the distribution date. On July 2, 2015, the expected first trading day after the distribution date, CPG will begin "regular way" trading on the NYSE under the symbol "CPGX."

Information about the separation

The distribution of CPG's shares will be made in book entry form, which means no physical share certificates will be issued. No action is required by NiSource shareholders in order to receive shares of CPG common stock in the distribution.



801 East 86th Avenue
Merrillville, IN 46410



5151 San Felipe
Houston, TX 77056

Prior to the distribution date, NiSource will mail information statements to all shareholders of NiSource common stock as of the record date. The information statement describes CPG, including the risks of owning CPG's common stock and other details regarding the distribution and is an exhibit to CPG's Registration Statement on Form 10, as amended, which CPG has filed with the SEC and is available at www.sec.gov.

The completion of the CPG distribution is subject to the satisfaction or waiver of a number of conditions, including the CPG stock being authorized for listing on the NYSE and certain other conditions described in the Information Statement included in the Form 10 and in the form of Separation and Distribution Agreement, which is filed as an exhibit to the Form 10. NiSource and CPG expect all conditions to the CPG distribution to be satisfied on or before the distribution date.

The CPG separation is expected to be tax-free to NiSource and its shareholders for U.S. federal income tax purposes. NiSource shareholders are encouraged to consult their tax advisors with respect any questions related to any tax consequences of the CPG separation.

Details regarding the investment propositions of both NiSource and CPG post-separation can be found in the webcast presentations completed on May 14, 2015. Both webcasts, and accompanying presentations, are available on www.nisource.com.

About NiSource

NiSource Inc. (NYSE: NI), based in Merrillville, Indiana, is a Fortune 500 company engaged in natural gas transmission, storage and distribution, as well as electric generation, transmission and distribution. NiSource operating companies deliver energy to 3.8 million customers located within the high-demand energy corridor stretching from the Gulf Coast through the Midwest to New England. Information about NiSource and its subsidiaries is available via the Internet at www.nisource.com. NI-F

About Columbia Pipeline Group

Headquartered in Houston, Texas, Columbia Pipeline Group (CPG) companies own and operate more than 15,000 miles of strategically located natural gas pipelines, integrated with one of the largest underground storage systems in North America. From the Gulf Coast to the Midwest, Mid-Atlantic and Northeast, their systems connect premium natural gas supplies with some of the nation's strongest energy markets, serving customers in more than 16 states. Approximately 1.3 trillion cubic feet of natural gas flows through CPG pipeline and storage systems each year, providing competitively priced, clean energy for millions of homes, businesses and industries. Information about Columbia Pipeline Group can be found at columbiapipelinegroup.com.

Forward-Looking Statements

This news release contains forward-looking statements within the meaning of federal securities laws. These forward-looking statements are subject to various risks and uncertainties. Examples of forward-looking statements in this release include statements and expectations regarding the timing of the separation, anticipated dividends by NiSource and CPG, as well as NiSource's and CPG's business following the separation and the leadership of NiSource and Columbia Pipeline Group, Inc. following the separation. Factors that could cause actual results to differ materially from the projections, forecasts, estimates and expectations discussed in this release include, among other things, the timing to consummate the transactions described herein; the risk that a condition to consummation is not satisfied; disruption to operations as a result of the proposed transactions; the inability of one or more of the businesses to operate independently following the completion of the proposed transactions; weather; fluctuations in supply and demand for energy commodities;



801 East 86th Avenue
Merrillville, IN 46410



5151 San Felipe
Houston, TX 77056

growth opportunities for NiSource's and CPG's businesses; increased competition in deregulated energy markets; the success of regulatory and commercial initiatives; dealings with third parties over whom NiSource and CPG have no control; actual operating experience of NiSource's and CPG's assets; the regulatory process; regulatory and legislative changes; changes in general economic, capital and commodity market conditions; and counter-party credit risk, and the matters set forth in the "Risk Factors" sections in NiSource's 2014 Form 10-K and subsequent NiSource filings of Form 10-Q and in CPG's Form 10, many of which are beyond the control of NiSource and CPG. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this news release. NiSource expressly disclaims any duty to update any of the forward-looking statements contained in this release.

The potential distribution of CPG shares is subject to the satisfaction of a number of conditions. There is no assurance that such distribution will in fact occur.

NISOURCE INC/DE

FORM 8-K (Current report filing)

Filed 06/05/15 for the Period Ending 06/02/15

Address	801 EAST 86TH AVE MERRILLVILLE, IN 46410-6272
Telephone	2196475200
CIK	0001111711
Symbol	NI
Fiscal Year	12/31

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

**CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of Report (Date of earliest event reported): June 2, 2015

NiSource Inc.

(Exact Name of Registrant as Specified in Charter)

Delaware
(State or other jurisdiction
of incorporation)

001-16189
(Commission
file number)

35-2108964
(IRS Employer
Identification No.)

801 East 86th Avenue
Merrillville, Indiana
(Address of Principal Executive Offices)

46410
(Zip Code)

Registrant's telephone number, including area code: (877) 647-5990

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2 (b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4 (c))
-
-

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

As previously reported, on June 2, 2015, the board of directors (the “*Board*”) of NiSource Inc. (“*NiSource*”) formally approved the separation (the “*Separation*”) of NiSource’s natural gas pipeline and related businesses into a stand-alone publicly traded company through the *pro rata* distribution on July 1, 2015 of all of the outstanding shares of common stock of Columbia Pipeline Group, Inc. (“*CPG*”) to NiSource stockholders of record as of June 19, 2015, subject to certain conditions. The following events occurred and actions were taken in connection with the Separation.

(a), (d) Resignations and Elections of Directors

On June 2, 2015, effective and conditioned upon the occurrence of the Separation:

- the following members of the Board resigned: Sigmund L. Cornelius, Marty R. Kittrell, W. Lee Nutter, Deborah S. Parker, Robert C. Skaggs, Jr. and Teresa A. Taylor;
- the Board decreased the size of the Board from 11 directors to eight directors;
- the Board elected Joseph Hamrock and Deborah A. Henretta to the Board for a term continuing until the 2016 annual meeting of stockholders; and
- the Board appointed Ms. Henretta to serve as a member of the Compensation Committee and the Environmental, Safety and Sustainability Committee.

There is no arrangement or understanding between Mr. Hamrock or Ms. Henretta and any other person pursuant to which he or she was selected as a director of NiSource. Neither Mr. Hamrock nor Ms. Henretta has any direct or indirect material interest in any transaction or proposed transaction involving NiSource required to be reported under Item 404(a) of Regulation S-K.

Consistent with NiSource’s compensation practices for non-employee directors, Ms. Henretta will receive an annual retainer of \$210,000, consisting of \$90,000 in cash and an award of restricted stock units valued at \$120,000 at the time of the award. As a full-time employee of NiSource, Mr. Hamrock will not receive any additional compensation for his service as a director.

On June 3, 2015, NiSource issued a press release announcing the election of Deborah Henretta as a director of the company. A copy of that press release is filed as an exhibit to this report and is incorporated herein by reference.

(b) Resignations of Officers

Effective and conditioned upon the occurrence of the Separation, Robert C. Skaggs, Jr. resigned from his position as Chief Executive Officer and President of NiSource, and he will become the Chief Executive Officer of CPG. In addition, effective and conditioned upon the occurrence of the Separation, the terms of Stephen P. Smith, Executive Vice President and Chief Financial Officer, and Glen L. Kettering, Executive Vice President and Group Chief Executive Officer, will expire, and they will become the Executive Vice President and Chief Financial Officer and the President of CPG, respectively.

(c) Appointment of Officers

Effective and conditioned upon the occurrence of the Separation, the Board appointed a new principal executive officer, principal operating officer and principal financial officer, as follows:

Joseph Hamrock	President and Chief Executive Officer (principal executive officer)
Jim L. Stanley	Chief Operating Officer (principal operating officer)
Donald E. Brown	Executive Vice President and Chief Financial Officer (principal financial officer)

None of Messrs. Hamrock, Stanley or Brown has any direct or indirect material interest in any transaction or proposed transaction involving NiSource required to be reported under Item 404(a) of Regulation S-K. There is no arrangement or understanding pursuant to which any of these persons was selected as an officer of NiSource, and there is no family relationship requiring disclosure under Item 401(d) of Regulation S-K.

Joseph Hamrock

Mr. Hamrock, age 52, currently serves as Executive Vice President and Group CEO for NiSource’s Gas Distribution segment, a position he has held since May 2012. Mr. Hamrock joined NiSource after serving in a variety of senior executive positions with American Electric Power Company – Ohio (“AEP Ohio”), including roles in engineering, transmission and distribution operations, customer service, marketing and information technology. Most recently, he served as President and Chief Operating

Officer of AEP Ohio from January 2008 to May 2012. Prior thereto, Mr. Hamrock was Senior Vice President and Chief Information Officer in AEP Ohio's Shared Services organization from 2003 to 2007 and Senior Vice President – General Services from 2002 to 2003.

As a result of his new appointment, Mr. Hamrock will be compensated at an annual base salary of \$800,000 and will participate in NiSource's performance-based annual short-term incentive plan with a target bonus opportunity for 2015 of 100% of his annual base salary, with a range of 40% to 160%. He will be granted a long-term equity incentive award of restricted stock units under the 2010 Omnibus Incentive Plan with a value on the date of grant equal to \$1,000,000, which vests February 2, 2018 and which is in addition to a similar award with a grant date value of \$1,000,000 granted earlier this year. Mr. Hamrock will also be entitled to participate in NiSource's benefit plans and the Executive Severance Policy. In addition, the benefits under Mr. Hamrock's change in control agreement will be increased to provide for a lump sum payment equal to three (rather than two) times his annual base salary and target incentive bonus compensation and 130% of COBRA continuation premiums due for the three (rather than two) year period following termination.

Jim L. Stanley

Mr. Stanley, age 59, is currently Executive Vice President and Group CEO for NiSource's Indiana gas and electric utility, Northern Indiana Public Service Company (NIPSCO), a position he has held since October 2012. Mr. Stanley joined NiSource after serving in a variety of senior executive positions in the utility industry, most recently as Senior Vice President and Chief Distribution Officer from July 2012 to September 2012 and as Senior Vice President, Power Delivery from June 2010 to July 2012 for Duke Energy's U.S. electric business. In these roles, he had oversight of the electric distribution system for the company's five-state service area. Previously, he served from November 2006 to May 2010 as President of Duke Energy Indiana, the state's largest electric service provider. His 35-year career with PSI Energy, Cinergy and Duke Energy includes assignments in a variety of departments from accounting to human resources to operations management.

As a result of his new appointment, Mr. Stanley will be compensated at an annual base salary of \$525,000 and will participate in NiSource's performance-based annual short-term incentive plan with a target bonus opportunity for 2015 of 75% of his annual base salary, with a range of 30% to 120%. He will be granted a long-term equity incentive award of restricted stock units under the 2010 Omnibus Incentive Plan with a value on the date of grant equal to \$200,000, which vests February 2, 2018 and which is in addition to a similar award with a grant date value of \$800,000 granted earlier this year. Mr. Stanley will also be entitled to participate in NiSource's benefit plans and the Executive Severance Policy and a change in control agreement on substantially the same terms as those for other NiSource senior executives.

Donald E. Brown

Mr. Brown, age 43, is currently an Executive Vice President in the Finance Department of NiSource, a position he has held since March 2015. Prior to joining NiSource, Mr. Brown served as Vice President and Chief Financial Officer at UGI Utilities, a division of UGI Corporation since 2010. From 2005 to 2010 he served as a Director of Treasury Services at UGI Corporation and Controller at UGI Utilities. Prior to joining UGI, he served in a variety of financial leadership and consulting roles at Constellation Energy, Progress Energy and Deloitte & Touche LLP. A description of Mr. Brown's compensation was previously reported in a Current Report on Form 8-K filed March 25, 2015, which description is incorporated herein by reference.

(e) Material Compensatory Plans, Contracts and Arrangements

Adjustments to Performance Shares

In January 2013 and 2014, the Compensation Committee of the Board (the "**Compensation Committee**") approved grants of performance shares to senior executives of NiSource, including each of Robert C. Skaggs, Jr., Stephen P. Smith, Glen L. Kettering, Carrie J. Hightman and Joseph Hamrock (the "**Named Executive Officers**"). Vesting of the performance shares granted in 2013 was dependent on NiSource meeting certain performance measures over a three-year performance period from 2013 through 2015 and the executive's continued employment through February 29, 2016, and vesting of the performance shares granted in 2014 was dependent on NiSource meeting certain performance measures over a three-year performance period from 2014 through 2016 and the executive's continued employment through January 28, 2017. In each case, assuming the minimum performance level was met, vesting could range from 50% to 200% of the award depending on NiSource's performance over the relevant performance period, as certified by the Compensation Committee.

The financial plan on which the performance share grants were based did not contemplate the Separation, and on June 2, 2015, the Compensation Committee determined that it is appropriate to adjust the terms of those grants to reflect the Separation. Effective and conditioned upon the occurrence of the Separation, the Compensation Committee certified NiSource's performance for purposes of the performance shares granted in 2013 as being at the 188% vesting level and for purposes of one-half of each executive's performance shares granted in 2014 as being at the 170% vesting level. The remaining half of the performance shares

granted in 2014 will be payable at the 100% level (target). Like all employee equity awards outstanding under the 2010 Omnibus Incentive Plan, the performance shares, as so adjusted, will be converted in accordance with the plan into restricted stock units representing shares of NiSource common stock (or, for executives employed by CPG following the Separation, including Messrs. Skaggs, Smith and Kettering, CPG common stock) based on the relative market prices of NiSource, NiSource “when issued” and CPG “when issued” stock immediately preceding the Separation. Vesting of the restricted stock units will remain subject to the executive’s continued employment with NiSource (or, for executives employed by CPG following the Separation, including Messrs. Skaggs, Smith and Kettering, CPG) through the applicable date and to the other terms of the original performance share grant.

Assuming the Named Executive Officers remain employees of NiSource or CPG, as applicable, through February 29, 2016 (with respect to the 2013 grant) or January 28, 2017 (with respect to the 2014 grant), the Named Executive Officers will be entitled to receive shares of NiSource common stock as follows:

	2013 Performance	2014 Performance
	Share Grant	Share Grant
Mr. Skaggs	212,831	147,767
Mr. Smith	88,680	53,197
Mr. Kettering	35,472	19,702
Ms. Hightman	53,208	29,553
Mr. Hamrock	42,567	27,583

As noted above, each number of shares in the foregoing table will be converted into a number of restricted stock units representing NiSource or CPG common stock, as applicable, based on relative market prices immediately preceding the Separation. Since those prices are not yet known, the actual number of restricted stock units to be received by each Named Executive Officer cannot yet be determined.

CPG Share Grants

Effective and conditioned upon the occurrence of the Separation, the Human Resources and Compensation Committee of the CPG board of directors approved a grant of performance-based equity awards to select CPG executives, including each of Messrs. Skaggs, Smith and Kettering, to be made following the Separation. These performance-based awards will vest based on a relative total shareholder return measure over a three-year performance period. The Human Resources and Compensation Committee of the CPG board of directors approved a target dollar value of \$2,000,000 for Mr. Skaggs and \$750,000 for each of Messrs. Smith and Kettering. The target dollar values will be converted into a specific number of shares or units based on the CPG closing stock price on the first full day of trading following the Separation.

Item 9.01 Financial Statements and Exhibits.

(d) *Exhibits*

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press Release issued by NiSource Inc. on June 3, 2015

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 hereunto duly authorized.

June 4, 2015

NISOURCE INC.

By: /s/ CARRIE J. HIGHTMAN

Carrie J. Hightman
Executive Vice President and Chief Legal Officer

EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press Release issued by NiSource Inc. on June 3, 2015

NEWS



801 E. 86th Avenue
Merrillville, IN 46410

June 3, 2015

FOR ADDITIONAL INFORMATION

Media

Ken Stammen
Communications Manager
(614) 460-5544
kstammen@nisource.com

Investors

Randy Hulen (NiSource)
Vice President
(219) 647-5688
rghulen@nisource.com

Deborah A. Henretta to join NiSource Board of Directors

MERRILLVILLE, Ind. – NiSource Inc. (NYSE: NI) announced today that its Board of Directors elected **Deborah A. “Deb” Henretta** to the Board, effective upon the separation of Columbia Pipeline Group (CPG) from NiSource, which is expected to happen on July 1, 2015.

Ms. Henretta currently serves as Group President of Global e-Commerce at the Procter & Gamble Co., including serving as Head of Global Beauty Care, a role she held since 2012. She has held various senior positions throughout several P&G sectors, including Division President of Global Baby/Toddler & Adult Care and Division Vice President of Fabric Conditioners and Bleach.

Richard L. Thompson, Chairman of the NiSource Board, said: “Deb will bring a wealth of customer experience expertise to the NiSource Board, having held senior leadership roles at one of the world’s leading consumer packaged goods companies. Her insights will add value as we work to sustain a premier, customer-focused utility company that’s engaged in the communities we serve.”

Ms. Henretta has been a director at Corning, Inc., since 2013. She is a member of the Board of Executive Advisors at Williams College of Business. She also serves on the Board of Trustees at St. Bonaventure University and Cincinnati Children’s Hospital Medical Center. Previously, she served as a Director of Sprint Corp., Gillette India Ltd., and Procter & Gamble Hygiene & Health Care Ltd.

She holds a master’s degree in advertising research from Syracuse University and a bachelor’s degree in communications from St. Bonaventure.

As previously announced, upon the separation of CPG from NiSource, **Joseph Hamrock**, who currently serves as Executive Vice President and Group CEO will become NiSource President and CEO, and will join the Board. The following current NiSource Board members will remain with NiSource after the separation: **Richard L. Thompson**, **Richard A. Abdo**, **Michael E. Jesanis**, **Aristides S. Candris** and **Carolyn Y. Woo**.

About NiSource

NiSource Inc. (NYSE: NI), based in Merrillville, Indiana, is a Fortune 500 company engaged in natural gas transmission, storage and distribution, as well as electric generation, transmission and distribution. NiSource operating companies deliver energy to 3.8 million customers located within the high-demand energy corridor stretching from the Gulf Coast through the Midwest to New England. Information about NiSource and its subsidiaries is available via the Internet at www.nisource.com. NI-F

NISOURCE INC/DE

FORM 8-K (Current report filing)

Filed 06/05/15 for the Period Ending 06/05/15

Address	801 EAST 86TH AVE MERRILLVILLE, IN 46410-6272
Telephone	2196475200
CIK	0001111711
Symbol	NI
Fiscal Year	12/31

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 OR 15(d)
of The Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): June 5, 2015

NiSource Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-16189
(Commission
File Number)

35-2108964
(IRS Employer
Identification No.)

801 East 86th Avenue, Merrillville, Indiana 46410
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (877) 647-5990

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-
-

Item 5.04 Temporary Suspension of Trading Under Registrant's Employee Benefit Plans

On June 5, 2015, NiSource Inc. (the "Company"), in connection with the Company's proposed spin-off of its subsidiary, Columbia Pipeline Group, Inc., sent a notice to its directors and executive officers informing them of a blackout period (the "Blackout Period") that is being imposed on participants in the NiSource Retirement Savings Plan (the "Plan") and notifying them of trading restrictions applicable to them during this Blackout Period. This notice was sent pursuant to Section 306 of the Sarbanes-Oxley Act of 2002 and Regulation BTR, which generally prohibits directors and executive officers of an issuer from engaging in transactions involving the issuer's equity securities acquired in connection with their service or employment as a director or executive officer during any pension plan blackout period.

Inquiries concerning the Notice or the Blackout Period, including the beginning and ending dates of the trading restrictions, may be directed without charge to:

NiSource Inc.
801 E. 86th Street
Merrillville, Indiana 46410
Attn: Samuel K. Lee, Assistant General Counsel and Assistant Secretary
Telephone Number: (219) 647-4176

A copy of the notice to directors and executive officers, which includes the information specified in Rule 104(b) of Regulation BTR, is attached hereto as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated by reference into this Item 5.04.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

The following exhibit is furnished herewith:

Exhibit Number	Exhibit Description
99.1	Form of Notice of Blackout Period to Directors and Executive Officers dated June 5, 2015

SIGNATURE

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.

Date: June 5, 2015

NiSource Inc.

By: /s/ Carrie J. Hightman
Carrie J. Hightman
Executive Vice President and
Chief Legal Officer

Important Notice
To Directors and Executive Officers of
NiSource Inc.
Regarding the Regulation BTR
Blackout Period and Trading Restrictions

June 5, 2015

General Information. This notice is to inform you that the NiSource Retirement Savings Plan (the “401(k) Plan”) will have a blackout period during which 401(k) Plan participants will be unable to conduct transactions in NiSource Inc. (“NiSource”) common stock (“NiSource Stock”) within the 401(k) Plan. NiSource has previously announced that its Board of Directors approved the spin-off of its subsidiary, Columbia Pipeline Group, Inc. (“CPG”), into an independent and separate publicly traded company. The blackout period is necessary in connection with the spin-off to enable the 401(k) Plan to update its records and accounting when shares of CPG are distributed to NiSource’s stockholders, including stockholders who hold NiSource Stock under the 401(k) Plan. Because you are a director or an executive officer of NiSource, you will also be prohibited during the blackout period from engaging in most transactions involving equity securities of NiSource that you acquired in connection with your service or employment as a director or executive officer of NiSource.

Impact on 401(k) Plan Participants. As a result of the spin-off and distribution of CPG common stock to NiSource stockholders, participants in the 401(k) Plan will be temporarily unable to direct or diversify investments in their individual accounts or obtain distributions from the 401(k) Plan if the transaction involves NiSource Stock. This period, during which participants will be unable to exercise these rights otherwise available under the 401(k) Plan, qualifies as a “blackout period” under the Securities and Exchange Commission’s Regulation BTR.

Restrictions on Directors and Executive Officers during the Blackout Period. During the blackout period, directors and executive officers of NiSource will be subject to trading restrictions imposed under Section 306(a) of the Sarbanes-Oxley Act of 2002 and Regulation BTR. Subject to limited exceptions, these restrictions generally prohibit, during the blackout period, the direct or indirect purchase, sale or other acquisition or transfer of any of NiSource’s equity securities that you acquired in connection with your service or employment as a director or executive officer of NiSource. Please note that, as previously communicated, all trading by NiSource’s directors and executive officers is already prohibited under NiSource’s Insider Trading Policy during the quarterly insider trading blackout period. Regulation BTR, however, also imposes additional penalties, such as criminal penalties and a requirement to disgorge all profits, on trades that occur during a Regulation BTR blackout period.

- Note that “equity securities” are defined broadly to include NiSource Stock and derivatives thereof, including without limitation stock options, performance shares, phantom units and restricted stock units.
- Covered transactions are not limited to those involving your direct ownership, but include any transaction in which you have a pecuniary interest (for example, transactions by your immediate family members living in your household).
- Among other things, these rules prohibit selling shares of NiSource Stock acquired pursuant to options granted to you in connection with your service as a director or employment as an executive officer, selling shares of common stock that were acquired after the vesting of restricted stock units or performance shares or selling shares to cover withholding taxes upon the vesting of restricted stock units or performance shares.
- These restrictions generally do not apply to the reinvestment of dividends under a pre-established broad-based stockholder dividend reinvestment plan, such as the NiSource Dividend Reinvestment and Stock Purchase Plan, or the acquisition of NiSource Stock pursuant to the NiSource Employee Stock Purchase Plan.

Length of the Blackout Period. The blackout period for the 401(k) Plan is expected to begin as of 4:00 p.m. EDT on July 1, 2015 and end during the week of July 5, 2015. We will notify you of any changes that affect the dates of the BTR blackout period.

Questions or Additional Information. The rules described above apply in addition to the other restrictions on trading activity under NiSource's Insider Trading Policy. In order to avoid any inadvertent violations of the blackout period restrictions, you should continue to direct questions about, and requests for pre-clearance of, your transactions in NiSource's securities to Samuel K. Lee, Assistant General Counsel and Assistant Secretary. In addition, during the blackout period, you may obtain, without charge, information about the blackout period, including whether the blackout period has begun or ended, by contacting Samuel K. Lee directly at (219) 647-4176 or in writing at 801 E. 86th Avenue, Merrillville, Indiana 46410.

NISOURCE INC/DE

FORM 8-K (Current report filing)

Filed 07/02/15 for the Period Ending 06/30/15

Address	801 EAST 86TH AVE MERRILLVILLE, IN 46410-6272
Telephone	2196475200
CIK	0001111711
Symbol	NI
Fiscal Year	12/31

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

**CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of Report (Date of earliest event reported): June 30, 2015

NiSource Inc.

(Exact Name of Registrant as Specified in Charter)

Delaware
(State or other jurisdiction
of incorporation)

001-16189
(Commission
file number)

35-2108964
(IRS Employer
Identification No.)

801 East 86th Avenue
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46410
(Zip Code)

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 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4 (c))
-
-

Item 1.01. Entry into a Material Definitive Agreement.

On June 30, 2015, Columbia Pipeline Group, Inc. (“*CPG*”), a wholly owned subsidiary of NiSource Inc. (“*NiSource*”), entered into a Separation and Distribution Agreement in connection with the previously announced separation (the “*Separation*”) of NiSource’s natural gas pipeline and related businesses into a stand-alone publicly traded company through the pro rata distribution of all of the outstanding shares of common stock of CPG to NiSource stockholders (the “*Distribution*”). Also in connection with the Separation, on June 30, 2015, CPG and NiSource entered into a Tax Allocation Agreement and an Employee Matters Agreement.

A description of the Separation and Distribution Agreement, the Tax Allocation Agreement and the Employee Matters Agreement is provided below. The summaries provided below are not purported to be complete and are qualified in their entirety by reference to the full text of the Separation and Distribution Agreement, the Tax Allocation Agreement and the Employee Matters Agreement attached hereto as Exhibits 2.1, 10.1 and 10.2, respectively.

Separation and Distribution Agreement

The Separation and Distribution Agreement contains the key provisions relating to the Separation. It also contains other provisions that govern certain aspects of CPG’s relationship with NiSource that will continue after the completion of the Separation.

Transfer of Assets and Assumption of Liabilities. The Separation and Distribution Agreement identifies assets and rights transferred, liabilities assumed and contracts assigned as part of the Separation.

The Distribution. The Separation and Distribution Agreement also governs the rights and obligations of the parties regarding the Distribution. Additionally, the Separation and Distribution Agreement provides that the Distribution was subject to several conditions, all of which were satisfied or waived by NiSource in its sole discretion.

Releases, Allocation of Liabilities and Indemnification. The Separation and Distribution Agreement provides for a full and complete release and discharge of all liabilities existing or arising from or based on facts existing prior to the Separation, between or among CPG or any of its affiliates, and NiSource or any of its affiliates (other than CPG), except as set forth in the Separation and Distribution Agreement.

CPG is liable for and has agreed to perform all liabilities with respect to its business, which are referred to as the “CPG liabilities.” Those liabilities include (i) all liabilities of CPG and its subsidiaries to the extent based upon or arising out of the business and operations of CPG and its subsidiaries, (ii) all liabilities of NiSource and its subsidiaries to the extent based upon or arising out of the business and operations of CPG and its subsidiaries, (iii) all liabilities based upon or arising out of financial instruments of CPG and its subsidiaries and (iv) all liabilities on CPG’s unaudited pro forma consolidated balance sheet as of March 31, 2015 and all liabilities incurred by CPG or NiSource of the type that would have been included on such balance sheet had they been incurred on or prior to the date thereof.

NiSource is liable for and has agreed to perform all liabilities with respect to its business, which are referred to as the “NiSource liabilities.” Those liabilities include, (i) all liabilities of NiSource and its subsidiaries to the extent based upon or arising out of the businesses retained by NiSource, (ii) all liabilities of CPG and its subsidiaries to the extent based upon or arising out of the businesses retained by NiSource and (iii) all liabilities based upon or arising out of financial instruments of NiSource and its subsidiaries that are not primarily related to CPG’s business under which CPG or any of its subsidiaries has any liability.

In addition, the Separation and Distribution Agreement contains cross-indemnities principally designed to place financial responsibility for the obligations and liabilities of CPG’s business with CPG and financial responsibility for the obligations and liabilities of NiSource’s retained businesses with NiSource. Specifically, subject to certain exceptions set forth in the Separation and Distribution Agreement, CPG has agreed to assume liability for, and to indemnify and hold harmless NiSource, its affiliates and its directors, officers and employees against, certain liabilities relating to CPG’s business and the Separation, including all liabilities relating to, arising out of or resulting from:

- the failure by CPG or any other person to pay, perform or otherwise promptly discharge any CPG liability;

-
- any CPG liability;
 - the CPG business (including any businesses or assets that have been divested prior to the Separation or thereafter) as conducted on, at any time prior to or at any time after the Distribution;
 - except to the extent provided in the Separation and Distribution Agreement, any claim that the information included in CPG's registration statement on Form 10, the Information Statement filed as an exhibit to such registration statement on Form 10 or CPG's registration statements on Form S-8 registering shares of common stock subject to equity-based awards (collectively, the "**CPG Form S-8s**") is or was false or misleading with respect to any material fact or omits or omitted to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading;
 - the use by CPG after the Separation of the name "NiSource" or any variation thereof, or other trademarks, trade names, logos or identifiers using any of such names or otherwise owned by or licensed to NiSource;
 - the breach by CPG of any covenant or agreement set forth in any agreement entered into in connection with the Separation;
 - any item or matter for which reimbursement or indemnification is to be provided by CPG in accordance with the terms of the Employee Matters Agreement; and
 - any of CPG's financial instruments.

NiSource has agreed to indemnify and hold harmless CPG, its affiliates and directors, officers and employees from and against all liabilities relating to, arising out of or resulting from:

- the failure by NiSource or any other person to pay, perform or otherwise promptly discharge any NiSource liability;
- any NiSource liability;
- the businesses retained by NiSource (including any businesses or assets that have been divested prior to the Separation or thereafter) as conducted on, at any time prior to or at any time after the Distribution;
- solely with respect to information identified in the schedules to the Separation and Distribution Agreement as being supplied by or the responsibility of NiSource, any claim that the information included in CPG's registration statement on Form 10, the Information Statement filed as an exhibit to such registration statement on Form 10 or any of the CPG Form S-8s is or was false or misleading with respect to any material fact or omits or omitted to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading;
- the breach by NiSource of any covenant or agreement set forth in any agreement entered into in connection with the Separation;
- any item or matter for which reimbursement or indemnification is to be provided by NiSource in accordance with the terms of the Employee Matters Agreement; and
- any of NiSource's financial instruments.

The Separation and Distribution Agreement also establishes procedures with respect to claims subject to indemnification and related matters. Indemnification with respect to taxes and employee benefits are governed by the Tax Allocation Agreement and the Employee Matters Agreement, respectively.

Access to Information . The Separation and Distribution Agreement provides that the parties will exchange certain information reasonably required to comply with requirements imposed on the requesting party by a government authority for use in any proceeding or to satisfy audit, accounting or similar requirements, for use in compensation, benefit or welfare plan administration or other bona fide business purposes, or to comply with its obligations under the Separation and Distribution Agreement or any ancillary agreement. In addition, the parties have agreed to use commercially reasonable efforts to make available to each other past and present directors, officers, other employees and agents as witnesses in any legal, administrative or other proceeding in which the other party may become involved, unless NiSource and CPG (or their respective subsidiaries) are adverse to each other in such proceeding.

Expenses . Except as expressly set forth in the Separation and Distribution Agreement or in any related agreement, following the Separation, each of NiSource and CPG will pay all third-party fees, costs and expenses paid or incurred by it in connection with the Separation.

Tax Allocation Agreement

The Tax Allocation Agreement governs the respective rights, responsibilities and obligations of NiSource and CPG with respect to certain tax liabilities and benefits, tax attributes, tax returns, tax contests and other related matters. In general, under the Tax Allocation Agreement, CPG is responsible for all taxes attributable to CPG's business, and CPG agrees to indemnify NiSource for these taxes. NiSource is responsible for all taxes to the extent such taxes are not attributable to CPG's business, and NiSource agrees to indemnify CPG to the extent NiSource is not responsible for these taxes. As CPG was a subsidiary of NiSource prior to the Distribution, CPG may be held liable for the full amount of any consolidated federal income taxes due with respect to the NiSource group for taxable periods ending on or prior to the Distribution. Although CPG will continue to have legal liability for these taxes following the Distribution, under the Tax Allocation Agreement, NiSource has agreed to indemnify CPG for amounts relating to this liability to the extent not attributable to CPG's business. Though binding as between NiSource and CPG, the Tax Allocation Agreement will not be binding on the Internal Revenue Service (the "**IRS**").

The Tax Allocation Agreement also contains restrictions on CPG's ability to take actions that could cause the Distribution to fail to qualify for tax-free treatment. These restrictions apply for the two-year period after the Distribution, unless (1) CPG obtains the consent of NiSource, a private letter ruling from the IRS or an unqualified opinion of a nationally recognized law or accounting firm that such action will not cause the Distribution to fail to qualify for tax-free treatment and (2) any such letter ruling or opinion, as the case may be, is acceptable to NiSource. Moreover, the Tax Allocation Agreement generally provides that CPG is responsible for any taxes and certain associated costs, expenses and damages imposed on NiSource as a result of the failure of the Distribution to qualify for tax-free treatment if such failure is attributable to certain actions taken by or in respect of CPG after the Distribution, regardless of whether the actions occur more than two years after the Distribution, NiSource consents to such actions or CPG obtains a favorable letter ruling or tax opinion. In addition, in the event the Distribution is determined to be taxable and neither CPG nor NiSource is at fault, CPG will be responsible for a portion of the taxes imposed on NiSource as a result of such determination.

Employee Matters Agreement

The Employee Matters Agreement provides for CPG's and NiSource's respective obligations to employees and former employees who are or were associated with CPG (including those employees who transferred employment from NiSource to CPG prior to the Separation) and for other employment and employee benefits matters. The Employee Matters Agreement also provides for sharing of specific employee and former employee information to enable NiSource and CPG to comply with their respective obligations.

Under the Employee Matters Agreement, CPG has generally assumed all liabilities and assets relating to employee benefits for current and former CPG employees, and NiSource has generally retained all liabilities and assets relating to employee benefits for current and former NiSource employees. Also, CPG has assumed all assets and liabilities related to benefits for current and former CPG employees in NiSource's defined contribution plans.

In addition, the Employee Matters Agreement addresses the treatment of outstanding NiSource equity awards in connection with the Separation. The post-Separation treatment of a person's award depends on the type of award and whether the person will be an employee of NiSource or CPG immediately following the Separation. For purposes of the summary explanation below, a "**NiSource Holder**" refers to an individual who is an employee or nonemployee director of NiSource immediately following the Separation, and a "**CPG Holder**" refers to an individual who is an employee or nonemployee director of CPG immediately following the Separation, regardless of the entity for which such individual provided services immediately prior to the Separation.

Restricted Stock Units . The treatment of NiSource Restricted Stock Units ("**RSUs**") that were outstanding on July 1, 2015 (the "**Distribution Date**") depends on the status of the holder. NiSource RSUs held on the Distribution Date by any employee of CPG immediately following the Separation and unvested NiSource RSUs held by any non-employee director of CPG immediately following the Separation will convert into CPG RSUs in a manner that preserves the value of the award following the Separation. NiSource RSUs held on the Distribution Date by any employee of NiSource immediately following the Separation and unvested NiSource RSUs held by any non-employee director of NiSource immediately following the Separation will be adjusted to preserve the value of the award following the Separation. Vested NiSource RSUs held by any individual who is a non-employee director of either CPG or NiSource immediately following the Separation were retained and such non-employee director will also receive CPG RSUs equal to the number of shares of CPG stock that such non-employee director would have received if such non-employee director owned the shares subject to the vested NiSource RSUs on the Distribution Date. Following the Distribution Date, the NiSource RSUs and CPG RSUs are subject to substantially the same terms and conditions as the original NiSource RSUs, except that the vesting of awards held by CPG Holders will be based on continued service with CPG.

Performance Share Awards . Similarly, the treatment of NiSource Performance Share Awards ("**PSAs**") that were outstanding on the Distribution Date will be adjusted or converted into CPG awards in a manner that preserves the intended value of such awards following the Separation. The treatment of outstanding NiSource PSAs will depend on the status of the holder as of the Distribution Date and the year in which the award was granted.

NiSource PSAs held by CPG Holders .

2013 Awards . Each NiSource PSA granted in 2013 and held by a CPG Holder on the Distribution Date will be replaced with a CPG RSU award, with the number of shares of NiSource common stock earned pursuant to such NiSource PSA to be based on actual performance results through the Distribution Date. The number of such NiSource shares will then be converted into substitute CPG RSUs in a manner that preserves the value of the award following the Separation. Such substitute CPG RSUs will vest on the last day of the performance period to which they relate based on the holder's service with CPG and will have the same terms and conditions as the corresponding NiSource PSA, except as otherwise described in this report.

2014 Awards . Each NiSource PSA granted in 2014 and held by a CPG Holder on the Distribution Date will be replaced with CPG RSUs. With respect to 50% of such NiSource PSA, the number of shares of NiSource common stock that are deemed to have been earned as of the Distribution Date will be equal to 50% of the target number of shares subject to such award. With respect to the remaining 50% of such NiSource PSA, the number of shares of NiSource common stock earned will be based on actual performance results through the Distribution Date. The number of such NiSource shares that are earned or deemed to have been earned will then be converted into substitute CPG RSUs in a manner that preserves the value of the award following the Separation. Such substitute CPG RSUs will vest on the last day of the performance period to which they relate based on the holder's service with CPG and will have the same terms and conditions as the corresponding NiSource PSA, except as otherwise described in this report.

NiSource PSAs held by NiSource Holders .

2013 Awards . Each NiSource PSA granted in 2013 and held by a NiSource Holder on the Distribution Date will be adjusted in a manner that preserves the value of the award following the Separation. The number of shares of NiSource common stock earned pursuant to the NiSource PSA will be based on actual performance results through the Distribution Date. The number of such NiSource shares that are earned will then be adjusted in a manner that preserves the value of the

award following the Separation. Each adjusted award will vest on the last day of the performance period to which it relates based on the holder's continued service with NiSource and will have the same terms and conditions as currently effect, except as otherwise described in this report.

2014 Awards. Each NiSource PSA granted in 2014 and held by a NiSource Holder on the Distribution Date will be adjusted in a manner that preserves the value of the award following the Separation. With respect to 50% of such NiSource PSA, the number of shares of NiSource common stock that are deemed to have been earned will be equal to 50% of the target number of shares subject to such NiSource PSA. With respect to the remaining 50% of such NiSource PSA, the number of shares of NiSource common stock earned will be based on actual performance results through the Distribution Date. The number of such shares that are earned or deemed to have been earned will then be adjusted in a manner that preserves the value of the award following the Separation. Each adjusted award will vest on the last day of the performance period to which it relates and will have the same terms and conditions as currently in effect, except as otherwise described in this report.

Item 2.01. Completion of Acquisition or Disposition of Assets.

NiSource completed the Separation through the Distribution at 11:59 p.m. New York City time on July 1, 2015. Each NiSource stockholder was paid a pro rata dividend of one share of CPG common stock, par value \$0.01 per share, for each share of NiSource common stock, par value \$0.01 per share, held by such stockholder as of 5:00 p.m. Central Time on the record date of June 19, 2015. The Separation was completed without the payment of any consideration or the exchange of any shares by NiSource's stockholders. NiSource did not distribute any fractional shares of CPG common stock to NiSource stockholders. Fractional shares were aggregated into whole shares and sold in the open market. The net cash proceeds from the sales will be distributed *pro rata* to each holder who would otherwise have been entitled to receive a fractional share in the Distribution.

The Separation was completed pursuant to the Separation and Distribution Agreement described in Item 1.01 of this report. Such description is incorporated herein by reference.

The unaudited pro forma consolidated financial information of NiSource giving effect to the Separation, together with the related notes thereto, is attached hereto as Exhibit 99.2.

Item 2.05. Costs Associated With Exit or Disposal Activities.

On June 30, 2015, NiSource and CPG entered into the Separation and Distribution Agreement. The description of the Separation and Distribution Agreement contained in Item 1.01 of this report and the description of the Separation contained in Item 2.01 of this report are incorporated herein by reference. As of the date of this report, NiSource estimates the total, pre-tax costs associated with the Separation to be in the range of \$170 to \$180 million. These costs consist primarily of financial, legal and other Separation-related advisory fees and include approximately \$97 million incurred as part of the retirement of indebtedness in connection with the Separation. Through June 30, 2015, NiSource has recognized all but approximately \$5 million to \$10 million of these costs in its financial statements. Substantially all of the costs recognized in the NiSource financial statements have been paid, and the remaining charges are expected to be paid during the remainder of fiscal 2015 and 2016.

Item 7.01. Regulation FD Disclosure.

On July 2, 2015, CPG will begin trading on the New York Stock Exchange as a fully independent public company under the symbol "CPGX." On July 2, 2015, CPG and NiSource issued a joint press release announcing the completion of the Separation. A copy of that press release is furnished as Exhibit 99.1 to this Current Report and is incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

(b) Pro Forma Financial Information.

The Pro Forma Condensed Consolidated Balance Sheet (unaudited) of NiSource and its subsidiaries as of March 31, 2015, and the Pro Forma Condensed Consolidated Income Statements (unaudited) of NiSource and its subsidiaries for the three months ended March 31, 2015 and 2014, and for the three years ended December 31, 2014, 2013 and 2012, and related notes are attached hereto as Exhibit 99.2 and are incorporated herein by reference.

(d) Exhibits:

<u>Exhibit No.</u>	<u>Description</u>
2.1	Separation and Distribution Agreement, dated as of June 30, 2015, between NiSource Inc. and Columbia Pipeline Group, Inc. +
10.1	Tax Allocation Agreement, dated as of June 30, 2015, between NiSource Inc. and Columbia Pipeline Group, Inc.
10.2	Employee Matters Agreement, dated as of June 30, 2015, between NiSource Inc. and Columbia Pipeline Group, Inc.
99.1	Joint Press Release issued on July 2, 2015 by NiSource Inc. and Columbia Pipeline Group, Inc.
99.2	Pro Forma Condensed Consolidated Balance Sheet (unaudited) of NiSource Inc. and its subsidiaries as of March 31, 2015, and the Pro Forma Condensed Consolidated Income Statements (unaudited) of NiSource Inc. and its subsidiaries for the three months ended March 31, 2015 and 2014, and for the three years ended December 31, 2014, 2013 and 2012, and related notes.

+ The Company agrees to furnish supplementally a copy of any omitted schedule to the Securities and Exchange Commission upon request.

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 hereunto duly authorized.

July 2, 2015

NISOURCE INC.

By: /s/ Carrie J. Hightman

Carrie J. Hightman
Executive Vice President and Chief Legal Officer

EXHIBIT INDEX

Item 9.01. Financial Statements and Exhibits.

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+ The Company agrees to furnish supplementally a copy of any omitted schedule to the Securities and Exchange Commission upon request.

SEPARATION AND DISTRIBUTION AGREEMENT

by and between

NISOURCE INC.

and

COLUMBIA PIPELINE GROUP, INC.

Dated as of June 30, 2015

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SEPARATION AND DISTRIBUTION AGREEMENT

This SEPARATION AND DISTRIBUTION AGREEMENT is made as of June 30, 2015 by and between NiSource Inc., a Delaware corporation (“**NiSource**”), and Columbia Pipeline Group, Inc., a Delaware corporation (“**Columbia**”), and, as of the date hereof, a wholly-owned subsidiary of NiSource.

WHEREAS, NiSource, through the Columbia Subsidiaries (as defined below), is engaged in the natural gas pipeline, midstream and storage business, as described more fully in the Form 10 Registration Statement (as defined below) (the “**Transferred Business**”);

WHEREAS, the board of directors of NiSource (the “**NiSource Board**”) has determined that it would be advisable and in the best interests of NiSource and its stockholders for NiSource to transfer to Columbia the Assets Transferred to Columbia (as defined below) on the terms contemplated by this Agreement;

WHEREAS, the board of directors of Columbia (the “**Columbia Board**”) has determined that it would be advisable and in the best interests of Columbia and its stockholders for Columbia to transfer to NiSource the Assets Transferred to NiSource (as defined below) on the terms contemplated by this Agreement;

WHEREAS, the NiSource Board has determined that it would be advisable and in the best interests of NiSource and its stockholders for NiSource to distribute on a *pro rata* basis to the holders of shares of NiSource common stock, par value \$0.01 per share (“**NiSource Shares**”), without any consideration being paid by the holders of such NiSource Shares, all of the outstanding shares of Columbia common stock, par value \$0.01 per share (“**Columbia Shares**”), owned by NiSource as of the Distribution Date (as defined below);

WHEREAS, it is the intention of the parties hereto that the Distribution (as defined below) qualify under Section 355 of the Internal Revenue Code of 1986 (the “**Code**”);

WHEREAS, it is the intention of the parties hereto that the Distribution qualify as tax-free to NiSource under Section 361(c) of the Code and that, except for cash received in lieu of any fractional Columbia Shares, the Distribution qualify as tax-free to NiSource stockholders under Section 355(a) of the Code; and

WHEREAS, it is appropriate and desirable to set forth the principal transactions required to effect the Transfers and the Distribution and certain other agreements that will govern the relationship of NiSource and Columbia following the Distribution.

NOW, THEREFORE, in consideration of the mutual promises contained herein, the parties hereto hereby agree as follows:

**ARTICLE I
DEFINITIONS**

SECTION 1.1 Definitions. As used in this Agreement, the following terms shall have the meanings set forth in this Section 1.1:

“ **Action** ” means any action, claim, demand, suit, arbitration, inquiry, subpoena, discovery request, proceeding or investigation by or before any arbitral body or any court, grand jury or other Governmental Authority.

“ **Affiliate** ” means, with respect to any Person, any other Person that, at the time of determination, directly or indirectly Controls, is Controlled by or is under common Control with such Person. After the Distribution, Columbia and NiSource shall not be deemed to be under common Control for purposes hereof due solely to the fact that Columbia and NiSource have common stockholders.

“ **Agent** ” means Computershare Trust Company, N.A., the distribution agent appointed by NiSource to distribute Columbia Shares pursuant to the Distribution.

“ **Agreement** ” means this Separation and Distribution Agreement, as the same may be amended from time to time in accordance with its terms.

“ **Assets Transferred to Columbia** ” means the assets transferred or to be transferred to the Columbia Parties by the NiSource Parties and described on Schedule 1.1(A).

“ **Assets Transferred to NiSource** ” means the assets transferred or to be transferred to the NiSource Parties by the Columbia Parties and described on Schedule 1.1(B).

“ **Assumed Actions** ” means those Actions (a) in which any NiSource Party or any of its Affiliates is a defendant or the party against whom the claim or investigation is directed and (b) that primarily relate to the Columbia Business, including those Actions listed on Schedule 1.1(C).

“ **Claims Administration** ” means the processing of claims made under Policies, including the reporting of claims to the insurance carrier, management and defense of claims and providing for appropriate releases upon settlement of claims.

“ **Claims Made Policies** ” has the meaning set forth in Section 6.1(b).

“ **Code** ” has the meaning set forth in the recitals to this Agreement.

“ **Columbia** ” has the meaning set forth in the first paragraph of this Agreement.

“ **Columbia Accounts** ” has the meaning set forth in Section 2.12(a).

“ **Columbia Amended and Restated Bylaws** ” means the amended and restated bylaws of Columbia, the form of which has been filed as an exhibit to the Form 10 Registration Statement.

“ **Columbia Balance Sheet** ” means the unaudited pro forma consolidated balance sheet of the Columbia Parties as of March 31, 2015, included in the Information Statement.

“ **Columbia Board** ” has the meaning set forth in the recitals to this Agreement.

“ **Columbia Business** ” means all businesses and operations of the Columbia Parties, including any Former Businesses owned, in whole or in part, or operated, in whole or in part, by any of the Columbia Parties; **provided, however**, that, if a Former Business was owned or operated in part by any of the Columbia Parties, such Former Business shall be deemed to be a NiSource Business (and not a Columbia Business) if such Former Business was primarily operated or managed by or primarily associated with the NiSource Business as then conducted ; and; **provided, further**, that for the avoidance of doubt the business and operations of (a) Central Kentucky Transmission Company, a Delaware corporation, shall be deemed to be included in the “NiSource Business” and not in the “Columbia Business” for purposes of this Agreement and (b) Crossroads Pipeline Company, an Indiana corporation, shall be deemed to be included in the “Columbia Business” and not in the “NiSource Business” for purposes of this Agreement.

“ **Columbia Financial Instruments** ” means all credit facilities, guaranties, letters of credit and similar instruments primarily related to the Columbia Business under which any NiSource Party has any primary, secondary, contingent, joint, several or other Liability, including those set forth on **Schedule 1.1(D)**.

“ **Columbia Financing Transactions** ” means the Columbia financing transactions, including the senior note offering and the entry into credit facilities described in the Information Statement as occurring prior to the Distribution Date.

“ **Columbia Indemnified Parties** ” has the meaning set forth in **Section 8.3**.

“ **Columbia Insured Party** ” means any Columbia Party that is a named insured, additional named insured or insured under any Shared Policy.

“ **Columbia Liabilities** ” means, without duplication, (a) all Liabilities of the Columbia Parties to the extent based upon or arising out of the Columbia Business or the Assets Transferred to Columbia (to the extent then actually transferred to any Columbia Party), (b) all Liabilities of the NiSource Parties to the extent based upon or arising out of the Columbia Business or the Assets Transferred to Columbia (to the extent then actually transferred to any Columbia Party), (c) all Liabilities based upon or arising out of the Columbia Financial Instruments and (d) all outstanding Liabilities included on the Columbia Balance Sheet or in the notes thereto and all other Liabilities that are of a nature or type that would have resulted in such Liabilities being included as Liabilities on a consolidated balance sheet of Columbia, or the notes thereto, as of the Effective Time (were such balance sheet and notes to be prepared) on a basis consistent with the determination of the nature and type of Liabilities included on the Columbia Balance Sheet; it being understood that to the extent the amount of any Liability included on the Columbia Balance Sheet or the notes thereto was an estimate thereof, the actual amount of such Liability (rather than the estimated amount) shall be deemed to be a Columbia Liability for purposes of clause (d).

“ **Columbia Mark** ” has the meaning set forth in **Section 5.8(d)**.

“ **Columbia Parties** ” means Columbia, the Columbia Subsidiaries and any other Subsidiary of Columbia (including those formed or acquired after the date hereof).

“ **Columbia Restated Certificate of Incorporation** ” means the restated certificate of incorporation of Columbia, the form of which has been filed as an exhibit to the Form 10 Registration Statement.

“ **Columbia Shares** ” has the meaning set forth in the recitals to this Agreement.

“ **Columbia Subsidiaries** ” means the Subsidiaries listed on Schedule 1.1(E) and each Subsidiary of any of the Subsidiaries listed on Schedule 1.1(E).

“ **Columbia Transfer** ” has the meaning set forth in Section 2.6(a).

“ **Confidential Information** ” means any of the following:

- (a) any Information that is competitively sensitive or otherwise of value to any NiSource Party or Columbia Party and not generally known to the public, including capital investment projects, marketing strategies, plans, governmental, consumer or customer relationships, customer profiles, financial estimates, business plans and internal performance results relating to the past, present or future business activities of any NiSource Party or Columbia Party or the consumers, customers, clients or suppliers of any of the foregoing;
- (b) any regulatory notes, work papers, communications or reports, security Information (including processes and schematics), plant or property designs, health records, employment records or Information containing personally identifiable information; or
- (c) any confidential or proprietary concepts, ideas, know-how, methods, processes, formulae, documentation, reports, data, specifications, computer software, source code, object code, flow charts, databases, inventions, trade secrets or other proprietary Information, whether or not patentable or copyrightable.

Confidential Information includes all documents, inventions, substances, engineering notebooks, work papers, drawings, diagrams, computer programs and data, specifications, bills of material, equipment, prototypes and models and any other tangible manifestation (including data in computer or other digital format) of or containing the foregoing.

“ **Contract** ” means any written or oral contract, agreement, lease, license, sublicense, commitment, understanding, arrangement, assignment or indemnity, including any amendment thereto, invoice, purchase order, bid and quotation.

“ **Control** ” means, as to any Person, the direct or indirect power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by Contract or otherwise; and the terms “Controlled by” and “under common Control” have correlative meanings.

“ **Conveyancing Instruments** ” has the meaning set forth in Section 2.13.

“ **CPR** ” has the meaning set forth in Section 10.2(b).

“ **Dispute** ” has the meaning set forth in Section 10.2(a).

“ **Distribution** ” has the meaning set forth in Section 3.2.

“ **Distribution Date** ” means the date determined by the NiSource Board in accordance with Section 3.1 as the date as of which the Distribution will be effected.

“ **Effective Time** ” has the meaning set forth in Section 3.2.

“ **Employee Contract** ” means any Contract between a Party and a current or former employee of any Party.

“ **Employee Matters Agreement** ” means the Employee Matters Agreement to be entered into between NiSource and Columbia, the form of which is attached hereto as Exhibit A.

“ **Exchange Act** ” means the Securities Exchange Act of 1934.

“ **Executive Risk Shared Policies** ” means fiduciary liability and director and officer (Side A and Side B) Policies that provide coverage for claims asserted after the Effective Time for acts or omissions occurring prior to the Effective Time.

“ **Expenses** ” means any and all expenses incurred in connection with investigating, defending or asserting any Action incident to any matter indemnified against hereunder (including court filing fees, court costs, arbitration fees or costs, witness fees and reasonable fees and disbursements of legal counsel, investigators, expert witnesses, consultants, accountants and other professionals).

“ **FIFO Basis** ” means, with respect to the payment of Unrelated Claims pursuant to the same Shared Policy, the payment in full of each successful claim (regardless of whether a NiSource Insured Party or a Columbia Insured Party is the claimant) in the order in which such successful claim is approved by the insurance carrier, until the limit of the applicable Shared Policy is met.

“ **Form 10 Registration Statement** ” means the registration statement on Form 10 initially filed by Columbia with the SEC on February 6, 2015 to effect the registration of the Columbia Shares under the Exchange Act, as such registration statement may be amended or supplemented from time to time prior to the Effective Time.

“ **Form S-8 Registration Statement** ” means the registration statement on Form S-8, as amended and supplemented, including all documents incorporated by reference, to effect the registration under the Securities Act of Columbia Shares subject to stock-based awards granted to current and former officers, employees and directors of the NiSource Parties and the Columbia Parties pursuant to the Employee Matters Agreement.

“ **Former Business** ” means any corporation, partnership, entity, division, business unit or business within the definition of Rule 11-01(d) of Regulation S-X (in each case, including any assets and liabilities comprising the same) that has been sold, conveyed, assigned, transferred or otherwise disposed of or divested (in whole or in part) or the operations, activities or production of which has been discontinued, abandoned, completed or otherwise terminated (in whole or in part).

“**Governmental Approvals and Consents**” means any notices, reports or other filings to be made with or to, or any consents, registrations, approvals, permits, clearances or authorizations to be obtained from, any Governmental Authority.

“**Governmental Authority**” means any U.S. federal, state or local, or any supra-national or non-U.S. government, political subdivision, governmental, regulatory or administrative authority, instrumentality, agency body or commission, self-regulatory organization or any court, tribunal or judicial or arbitral body.

“**Indemnified Party**” has the meaning set forth in Section 8.5(a).

“**Indemnifying Party**” has the meaning set forth in Section 8.5(a).

“**Indemnity Reduction Amounts**” has the meaning set forth in Section 8.5(a).

“**Information**” means information, whether or not patentable or copyrightable, in written, oral, electronic or other tangible or intangible form, stored in any medium, including studies, reports, records, books, Contracts, instruments, surveys, discoveries, ideas, concepts, know-how, techniques, designs, specifications, drawings, blueprints, diagrams, models, prototypes, samples, flow charts, data, computer data, disks, diskettes, tapes, computer programs or other software, marketing plans, customer names, communications by or to attorneys (including attorney-client privileged communications), memoranda and other materials prepared by attorneys or under their direction (including attorney work product), and other technical, financial, employee or business information or data.

“**Information Statement**” means the information statement included in the Form 10 Registration Statement, which information statement is to be sent by NiSource to its stockholders in connection with the Distribution (as the same may be amended or supplemented prior to the Effective Time).

“**Intercompany Agreements**” means any Contract, between or binding upon one or more of the NiSource Parties, on the one hand, and one or more of the Columbia Parties, on the other hand, entered into prior to the Distribution, excluding, for the avoidance of doubt, any Shared Contract.

“**Intercompany Loan Balances**” means all intercompany cash management loan balances (for the avoidance of doubt, excluding any amounts owing under ordinary course of business commercial Contracts that do not constitute Terminated Intercompany Agreements), between the NiSource Parties, on the one hand, and the Columbia Parties, on the other hand.

“**Law**” means any national, foreign, international, multinational, supranational, federal, state, provincial, local or similar law (including common law), statute, code, order, directive, guidance, ordinance, rule, regulation, treaty (including any income tax treaty), binding judicial or administrative interpretation or other requirement, in each case, enacted, promulgated, issued or entered by a Governmental Authority.

“**Liabilities**” means any and all debts, liabilities and obligations (including guaranties), absolute or contingent, matured or unmatured, liquidated or unliquidated, accrued or unaccrued, known or unknown, whenever arising, including all costs and expenses relating thereto, and including those debts, liabilities and obligations arising under any Law, Action, threatened Action, order or consent decree of any Governmental Authority or any award of any arbitrator of any kind, and those arising under any Contract.

“**Losses**” means any and all losses, costs, obligations, liabilities, settlement payments, awards, judgments, fines, penalties, damages, deficiencies or other charges.

“**LTIP Shares**” has the meaning set forth in Section 2.1(c).

“**Marks**” has the meaning set forth in Section 5.8(a).

“**Mediation Request**” has the meaning set forth in Section 10.2(b).

“**NiSource Board**” has the meaning set forth in the recitals to this Agreement.

“**NiSource**” has the meaning set forth in the first paragraph of this Agreement.

“**NiSource Accounts**” has the meaning set forth in Section 2.12(a).

“**NiSource Business**” means all businesses and operations of the NiSource Parties, other than the Columbia Business, including any Former Businesses owned, in whole or in part, or operated, in whole or in part, by any of the NiSource Parties; provided, however, that, if a Former Business was owned or operated in part by any of the NiSource Parties, such Former Business shall be deemed to be a Columbia Business (and not a NiSource Business) if such Former Business was primarily operated or managed by or primarily associated with the Columbia Business as then conducted; and; provided, further, that for the avoidance of doubt the business and operations of (a) Central Kentucky Transmission Company, a Delaware corporation, shall be deemed to be included in the “NiSource Business” and not in the “Columbia Business” for purposes of this Agreement and (b) Crossroads Pipeline Company, an Indiana corporation, shall be deemed to be included in the “Columbia Business” and not in the “NiSource Business” for purposes of this Agreement.

“**NiSource Financial Instruments**” means all credit facilities, guaranties, letters of credit and similar instruments that are not primarily related to the Columbia Business under which any Columbia Party has any primary, secondary, contingent, joint, several or other Liability, including those set forth on Schedule 1.1(F).

“**NiSource Indemnified Parties**” has the meaning set forth in Section 8.2.

“**NiSource Insured Party**” means any NiSource Party that is a named insured, additional named insured or insured under any Shared Policy.

“**NiSource Liabilities**” means, without duplication, (a) all Liabilities of the NiSource Parties to the extent based upon or arising out of the NiSource Business or the Assets Transferred to NiSource (to the extent then actually transferred to any NiSource Party pursuant hereto),

(b) all Liabilities of the Columbia Parties to the extent based upon or arising out of the NiSource Business or the Assets Transferred to NiSource (to the extent then actually transferred to any NiSource Party pursuant hereto) and (c) all Liabilities based upon or arising out of the NiSource Financial Instruments.

“ **NiSource Mark** ” has the meaning set forth in Section 5.8(a) .

“ **NiSource Parties** ” means NiSource and its Subsidiaries (including those formed or acquired after the date hereof), other than the Columbia Parties.

“ **NiSource Shares** ” has the meaning set forth in the recitals to this Agreement.

“ **NiSource Transfer** ” has the meaning set forth in Section 2.6(a) .

“ **NYSE** ” means the New York Stock Exchange.

“ **Occurrence Basis Policies** ” has the meaning set forth in Section 6.1(b) .

“ **Out-of-Pocket Expenses** ” means expenses involving a payment to a Third Party (other than an employee of the Party making the payment).

“ **Party** ” means a NiSource Party or a Columbia Party, as applicable.

“ **Person** ” means any individual, corporation, partnership, joint venture, limited liability company, entity, association, joint-stock company, trust, unincorporated organization or Governmental Authority.

“ **Policies** ” means all insurance policies, insurance Contracts and claim administration Contracts of any kind of the NiSource Parties and their predecessors which were or are in effect at any time at or prior to the Effective Time (other than insurance policies, insurance Contracts and claim administration Contracts established in contemplation of the Distribution to cover only the Columbia Parties after the Effective Time), including primary, excess and umbrella, commercial general liability, fiduciary liability, product liability, automobile, aircraft, property and casualty, business interruption, directors and officers liability, employment practices liability, workers’ compensation, crime, errors and omissions, special accident, cargo and employee dishonesty insurance policies and captive insurance company arrangements, together with all rights, benefits and privileges thereunder.

“ **Prime Rate** ” means the rate that Barclays Bank PLC (or any successor thereto or other major money center commercial bank agreed to by the parties hereto) announces from time to time as its prime lending rate, as in effect from time to time.

“ **Privilege** ” has the meaning set forth in Section 9.9(a) .

“ **Privileged Information** ” has the meaning set forth in Section 9.9(a) .

“ **Procedure** ” has the meaning set forth in Section 10.2(b) .

“ **Record Date** ” means 5:00 p.m. Central Time on the date determined by the NiSource Board as the record date for the Distribution.

“ **Related Claims** ” means a claim or claims against a Shared Policy made by one or more Columbia Insured Parties, on the one hand, and one or more NiSource Insured Parties, on the other hand, filed in connection with Losses suffered by either a Columbia Insured Party or a NiSource Insured Party, as the case may be, arising out of the same underlying transaction or series of transactions or event or series of events that have also given rise to Losses suffered by a NiSource Insured Party or a Columbia Insured Party, as the case may be, which Losses are the subject of a claim or claims by such NiSource Insured Party or Columbia Insured Party, as the case may be, against a Shared Policy.

“ **Representatives** ” means, with respect to any Person, such Person’s directors, officers, employees, agents, consultants, advisors, accountants, attorneys and representatives.

“ **SEC** ” means the United States Securities and Exchange Commission.

“ **Securities Act** ” means the Securities Act of 1933.

“ **Shared Contract** ” has the meaning set forth in Section 5.2(a) .

“ **Shared Policies** ” has the meaning set forth in Section 6.1(b) .

“ **Sidley** ” has the meaning set forth in Section 3.7(h) .

“ **Special Dividend** ” means a cash dividend to be paid prior to the Effective Time in immediately available funds by Columbia to NiSource in an aggregate amount equal to \$1,450,000,000 (one billion four hundred fifty million dollars).

“ **Subsidiary** ” means, when used with reference to any Person, any corporation or other organization whether incorporated or unincorporated of which at least a majority of the securities or interests having by the terms thereof ordinary voting power to elect at least a majority of the board of directors or others performing similar functions with respect to such corporation or other organization is directly or indirectly owned or Controlled by such Person; provided, however, that no corporation or other organization that is not directly or indirectly wholly-owned by any other Person shall be a Subsidiary of such other Person unless such other Person Controls, or has the right, power or ability to Control, that Person. After the Distribution, NiSource and Columbia shall not be deemed to be under common Control for purposes hereof due solely to the fact that NiSource and Columbia have common stockholders.

“ **Surviving Intercompany Agreements** ” means any Intercompany Agreements other than this Agreement, the Transaction Agreements and the Terminated Intercompany Agreements.

“ **Tax** ” and “ **Taxes** ” shall have the meaning set forth in the Tax Allocation Agreement.

“ **Tax Allocation Agreement** ” means the Tax Allocation Agreement to be entered into between NiSource and Columbia, the form of which is attached hereto as Exhibit B .

“**Terminated Intercompany Agreements**” has the meaning set forth in Section 2.8.

“**Third Party**” means a Person that is not an Affiliate of any Party.

“**Third-Party Claim**” has the meaning set forth in Section 8.6(a).

“**Third-Party Consents**” means any consent, approval or authorization to be obtained from any Person that is not a Governmental Authority.

“**Trademark License Agreement**” means the Trademark License Agreement, dated as of February 11, 2015, by and between NiSource Corporate Services Company and Columbia Pipeline Group Services Company.

“**Transaction Agreements**” means the Conveyancing Instruments (for the avoidance of doubt, regardless of whether entered into before or after the Effective Time), the Employee Matters Agreement, the Trademark License Agreement, the Tax Allocation Agreement and the Transition Services Agreements.

“**Transferred Business**” has the meaning set forth in the recitals to this Agreement.

“**Transfers**” has the meaning set forth in Section 2.6(a).

“**Transition Services Agreements**” means the Transition Services Agreements to be entered into between NiSource Corporate Services Company and Columbia Pipeline Group Services Company, the forms of which are attached hereto as Exhibit C and Exhibit D.

“**Unrelated Claim**” means any claim against a Shared Policy that is not a Related Claim.

SECTION 1.2 Interpretation. (a) For purposes of this Agreement

(i) the words “include,” “includes” and “including” shall be deemed to be followed by the words “without limitation;”

(ii) the word “or” is not exclusive;

(iii) the words “herein,” “hereunder,” “hereof,” “hereby,” “hereto” and words of similar import shall be deemed to be references to this Agreement as a whole and not to any particular Section or other provision hereof; and

(iv) relative to the determination of any period of time, “from” means “from and including,” “to” means “to but excluding” and “through” means “through and including.”

(b) In this Agreement, unless the context clearly indicates otherwise:

(i) words used in the singular include the plural and words used in the plural include the singular;

(ii) reference to any Person includes such Person’s successors and assigns but, if applicable, only if such successors and assigns are permitted by this Agreement;

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- (iii) reference to any Person's "Affiliates" shall be deemed to mean such Person's Affiliates following the Distribution;
- (iv) reference to any gender includes the other gender and the neutral gender;
- (v) reference to any Article, Section, Exhibit or Schedule means such Article or Section of, or such Exhibit or Schedule to, this Agreement, as the case may be;
- (vi) reference to any agreement, instrument or other document means such agreement, instrument or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof and by this Agreement;
- (vii) reference to any Law (including statutes and ordinances) means such Law (including all rules and regulations promulgated thereunder) as amended, modified, codified or reenacted, in whole or in part, and in effect at the time of determining compliance or applicability;
- (viii) accounting terms used herein shall have the meanings ascribed to them by NiSource and its Subsidiaries, including Columbia, in its and their internal accounting and financial policies and procedures in effect immediately prior to the date of this Agreement;
- (ix) if there is any conflict between the provisions of this Agreement and a Transaction Agreement, the provisions of such Transaction Agreement shall control unless explicitly stated otherwise therein;
- (x) any portion of this Agreement obligating a party hereto to take any action or refrain from taking any action, as the case may be, shall mean that such party shall also be obligated to cause its relevant Subsidiaries to take such action or refrain from taking such action, as the case may be; and
- (xi) all references to dollar amounts shall be in respect of lawful currency of the United States.
- (c) The titles to Articles and headings of Sections contained in this Agreement have been inserted for convenience of reference only and shall not be deemed to be a part of or to affect the meaning or interpretation of this Agreement, and this Agreement and the Transaction Agreements shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting an instrument or causing any instrument to be drafted.
- (d) The Exhibits and Schedules shall be construed with and as an integral part of this Agreement to the same extent as if the same had been set forth verbatim herein.

ARTICLE II
THE SEPARATION AND OTHER ACTIONS PRIOR TO THE DISTRIBUTION

In order to effect the transactions contemplated by Articles III and IV, the NiSource Parties and the Columbia Parties shall take the following actions prior to the Distribution:

SECTION 2.1 SEC and Other Securities Filings.

(a) Columbia and NiSource shall use their respective commercially reasonable efforts to cause the Form 10 Registration Statement and the Form S-8 Registration Statement to become effective as soon as reasonably practicable. As soon as practicable after the Form 10 Registration Statement becomes effective, NiSource shall mail the Information Statement to the holders of record of NiSource Shares as of the Record Date.

(b) NiSource and Columbia shall take all such action as may be necessary or appropriate under state and foreign securities or “blue sky” Laws in connection with the transactions contemplated by this Agreement.

(c) NiSource and Columbia shall seek to have approved an application for the listing on the NYSE, subject to official notice of issuance, of the Columbia Shares and the shares of Columbia common stock, par value \$0.01 per share, that are subject to issuance under the Columbia Pipeline Group, Inc. 2015 Omnibus Incentive Plan (the “LTIP Shares”).

(d) NiSource shall give the NYSE notice of the Record Date in compliance with Rule 10b-17 under the Exchange Act.

(e) NiSource and Columbia shall cooperate in preparing, filing with the SEC and causing to become effective any other registration statements or amendments or supplements thereto that are necessary or appropriate in order to effect the transactions contemplated hereby, or to reflect the establishment of, or amendments to, any employee benefit plans contemplated hereby or by the Employee Matters Agreement.

SECTION 2.2 Stock-Based Employee Benefit Plans. NiSource and Columbia shall take all actions as are necessary to approve the stock-based employee benefit plans of Columbia in order to satisfy the requirements of Rule 16b-3 under the Exchange Act and the applicable rules and regulations of the NYSE.

SECTION 2.3 Governmental Approvals and Consents; Third-Party Consents. NiSource and Columbia shall use their respective commercially reasonable efforts to obtain all Governmental Approvals and Consents and all Third-Party Consents that are required or appropriate in connection with the transactions contemplated by this Agreement.

SECTION 2.4 Additional Approvals. NiSource shall cooperate with Columbia in effecting, and if so requested by Columbia, NiSource shall, as the sole stockholder of Columbia prior to the Distribution, ratify any actions that are reasonably necessary or desirable to be taken by Columbia to effectuate the transactions contemplated by this Agreement in a manner consistent with the terms hereof, including the preparation and implementation of appropriate plans, agreements and arrangements for employees of the Columbia Business and non-employee members of the Columbia Board.

SECTION 2.5 The Agent. NiSource shall enter into a distribution agent agreement with the Agent or otherwise provide instructions to the Agent regarding the Distribution, such that the Agent, in its capacity as NiSource’s distribution agent and Columbia’s transfer agent, may distribute the Columbia Shares in the manner described in Article III.

SECTION 2.6 Additional Actions Prior to the Distribution Date. NiSource and Columbia shall take the following actions prior to the Distribution Date:

(a) **Transfer of Assets**. Prior to the date hereof, the appropriate NiSource Party transferred to the appropriate Columbia Party all of such NiSource Party's right, title and interest in and to certain of the Assets Transferred to Columbia. To the extent it has not already done so, as soon as practicable following the Effective Time, NiSource, shall, or shall cause the appropriate NiSource Party to, use its commercially reasonable efforts to transfer to the appropriate Columbia Party all of such NiSource Party's right, title and interest in and to all of the Assets Transferred to Columbia not previously transferred thereto, in each case, as described and on the terms set forth in **Schedule 1.1(A)** (all such transfers, whether occurring before or after the Distribution Date, being collectively referred to herein as the "**NiSource Transfer**"). Prior to the date hereof, the appropriate Columbia Party transferred to the appropriate NiSource Party all of such Columbia Party's right, title and interest in and to certain of the Assets Transferred to NiSource. To the extent it has not already done so, as soon as practicable following the Effective Time, Columbia, shall, or shall cause the appropriate Columbia Party to, use its commercially reasonable efforts to transfer to the appropriate NiSource Party all of such Columbia Party's right, title and interest in and to all of the Assets Transferred to NiSource not previously transferred thereto, in each case, as described and on the terms set forth in **Schedule 1.1(B)** (all such transfers, whether occurring before or after the Distribution Date, are collectively referred to herein as the "**Columbia Transfer**" and together with the NiSource Transfer, the "**Transfers**").

(b) **Columbia Board**. The Columbia Board shall be reconstituted so that it consists of the persons who are identified in the Information Statement as being directors of Columbia at the Effective Time or, in the event of the death or inability or unwillingness of any of such persons to serve on the Columbia Board, such other persons as shall be designated by the NiSource Board. Each member of the reconstituted Columbia Board shall be designated as a Class I, Class II or Class III director.

(c) **Columbia Charter and Bylaws**. The Columbia Board shall approve and adopt the Columbia Restated Certificate of Incorporation and the Columbia Amended and Restated Bylaws, and NiSource, as sole stockholder of Columbia, shall approve and adopt the Columbia Restated Certificate of Incorporation. Columbia shall file the Columbia Restated Certificate of Incorporation with the Secretary of State of the State of Delaware.

(d) **Subdivision of Columbia Common Stock to Accomplish the Distribution**. Effective upon the filing of the Columbia Restated Certificate of Incorporation with the Secretary of State of the State of Delaware pursuant to **Section 2.6(c)**, each Columbia Share then issued and outstanding shall, without any action on the part of the holder thereof, be subdivided and converted into that number of fully paid and non-assessable Columbia Shares issued and outstanding equal to the number necessary to effect the Distribution.

SECTION 2.7 Intercompany Accounts; Intercompany Debt. No later than two business days immediately preceding the Distribution Date, NiSource shall prepare an estimate of all Intercompany Loan Balances as of immediately prior to the Effective Time, on a net basis in the aggregate (the "**Estimated Intercompany Balance**"), and no later than one business day

after the Distribution Date, (a) if the NiSource Parties owe the Estimated Intercompany Balance to the Columbia Parties, NiSource shall pay the Estimated Intercompany Balance to Columbia or (b) if the Columbia Parties owe the Estimated Intercompany Balance to the NiSource Parties, Columbia shall pay the Estimated Intercompany Balance to NiSource. Within 60 days after the Distribution Date, NiSource shall prepare and deliver to Columbia a final statement setting forth the actual Intercompany Loan Balances as of immediately prior to the Effective Time, on a net basis in the aggregate and taking into account the payment of the Estimated Intercompany Balance as if it had been paid immediately prior to the Effective Time (the “**Final Intercompany Balance**”), and no later than five business days after the delivery of such final statement to Columbia, (i) if the NiSource Parties owe the Final Intercompany Balance to the Columbia Parties, NiSource shall pay the Final Intercompany Balance to Columbia or (ii) if the Columbia Parties owe the Final Intercompany Balance to the NiSource Parties, Columbia shall pay the Final Intercompany Balance to NiSource. Any amount payable pursuant to clause (i) or (ii) of the immediately preceding sentence shall be paid, together with interest thereon at a rate of 2.0% per annum for the period beginning on the Distribution Date and ending on the date of such payment, in immediately available funds to the account designated in writing by the receiving Party.

SECTION 2.8 Termination of Certain Existing Intercompany Agreements. The Intercompany Agreements set forth on Schedule 2.8, and all related intercompany arrangements and course of dealings, whether or not in writing and whether or not binding, as in effect immediately prior to the Distribution (collectively, the “**Terminated Intercompany Agreements**”), shall be terminated and be of no further force and effect from and after the Effective Time; provided, however, that, for the avoidance of doubt, this Section 2.8 shall not terminate or affect this Agreement or any Transaction Agreement. If any Intercompany Agreement, intercompany arrangement or course of dealings is terminated pursuant to this Section 2.8 and, but for the mistake or oversight of either party hereto, would not have been listed on Schedule 2.8, then, at the request of NiSource or Columbia made within 12 months following the Distribution Date, the relevant Parties shall negotiate in good faith after the Distribution to determine whether, notwithstanding such termination, such Intercompany Agreement, intercompany arrangement or course of dealings should continue following the Effective Time and the terms and conditions upon which the Parties may continue with respect thereto.

SECTION 2.9 Financial Instruments.

(a) Columbia will, at its expense, take or cause to be taken all actions, and enter into (or cause the other Columbia Parties to enter into) such agreements and arrangements, as shall be necessary to effect the release of and substitution for any NiSource Party, not later than the Effective Time, from all primary, secondary, contingent, joint, several and other Liabilities in respect of Columbia Financial Instruments to the extent related to the Columbia Parties or the Columbia Business (it being understood that all such Liabilities in respect of Columbia Financial Instruments are Columbia Liabilities).

(b) NiSource will, at its expense, take or cause to be taken all actions, and enter into (or cause the other NiSource Parties to enter into) such agreements and arrangements, as shall be necessary to effect the release of and substitution for any Columbia Party, not later than the

Effective Time, from all primary, secondary, contingent, joint, several and other Liabilities in respect of NiSource Financial Instruments to the extent not related to the Columbia Parties or the Columbia Business (it being understood that all such Liabilities in respect of NiSource Financial Instruments are NiSource Liabilities).

(c) The parties' obligations under this Section 2.9 will continue to be applicable to all Columbia Financial Instruments and NiSource Financial Instruments identified by NiSource or Columbia at any time prior to the fifth anniversary of the Effective Time.

SECTION 2.10 Resignations .

(a) NiSource will cause all of its employees and directors and all of the employees and directors of each other NiSource Party to resign, effective no later than the Effective Time, from all boards of directors or similar governing bodies of Columbia or any other Columbia Party on which they serve, and from all positions as officers of Columbia or any other Columbia Party in which they serve, except as otherwise specified on Schedule 2.10. Columbia will cause all of its employees and directors and all of the employees and directors of each other Columbia Party to resign, effective not later than the Effective Time, from all boards of directors or similar governing bodies of NiSource or any other NiSource Party on which they serve, and from all positions as officers of NiSource or any other NiSource Party in which they serve, except as otherwise specified on Schedule 2.10.

(b) NiSource will cause each of its employees and each of the employees of each other NiSource Party to revoke or withdraw their express written authority, if any, to act on behalf of any Columbia Party as an agent or representative therefor after the Effective Time. Columbia will cause each of its employees and each of the employees of each other Columbia Party to revoke or withdraw their express written authority, if any, to act on behalf of any NiSource Party as an agent or representative therefor after the Effective Time. All authority (other than express written authority) of any employee of any NiSource Party to act on behalf of any Columbia Party, or of any employee of any Columbia Party to act on behalf of any NiSource Party, shall automatically be revoked and withdrawn as of immediately prior to the Effective Time with no further act on the part of any of the NiSource Parties or Columbia Parties.

SECTION 2.11 Provision of Corporate Records . Without limitation of the parties' rights and obligations pursuant to Article IX, prior to or as promptly as reasonably practicable after the Distribution, in each case to the extent practicable and at the cost of the requesting party:

(a) Upon the request of Columbia, NiSource shall deliver to Columbia all corporate secretary books and records of the Columbia Parties. NiSource may retain copies of such records in the possession or control of any NiSource Party.

(b) Upon the request of NiSource, Columbia shall deliver to NiSource all corporate books and records of the NiSource Parties in the possession or control of any Columbia Party.

SECTION 2.12 Bank Accounts; Cash Balances.

(a) The parties hereto agree to take, or cause to be taken, at the Effective Time (or such earlier time as NiSource may determine), all actions necessary to amend all Contracts governing each bank and brokerage account owned by any Columbia Party (the “**Columbia Accounts**”) so that such Columbia Accounts, if currently linked (whether by automatic withdrawal, automatic deposit or any other authorization to transfer funds from or to, hereinafter “linked”) to any bank or brokerage account owned by any NiSource Party (the “**NiSource Accounts**”) are de-linked from the NiSource Accounts. From and after the Effective Time, no employee of any NiSource Party shall have any authority to access or control any Columbia Account.

(b) The parties hereto agree to take, or cause to be taken, at the Effective Time (or such earlier time as NiSource may determine), all actions necessary to amend all Contracts governing the NiSource Accounts so that such NiSource Accounts, if currently linked to a Columbia Account, are de-linked from the Columbia Accounts. From and after the Effective Time, no employee of any Columbia Party shall have any authority to access or control any NiSource Account.

(c) It is intended that, following consummation of the actions contemplated by Section 2.12(a) and Section 2.12(b), there will continue to be in place a centralized cash management system pursuant to which the Columbia Accounts will be managed centrally and funds collected will be transferred into one or more centralized accounts maintained by one or more of the Columbia Parties.

(d) It is intended that, following consummation of the actions contemplated by Section 2.12(a) and Section 2.12(b), there will continue to be in place a centralized cash management system pursuant to which the NiSource Accounts will be managed centrally and funds collected will be transferred into one or more centralized accounts maintained by one or more of the NiSource Parties.

(e) With respect to any outstanding checks issued by any Party prior to the Effective Time, such outstanding checks shall be honored following the Effective Time by the member of the applicable Party owning the account on which the check is drawn.

(f) As between the Parties all payments and reimbursements made or received after the Effective Time by any NiSource Party that relate to the Columbia Business, or by any Columbia Party that relate to the NiSource Business, shall be held by such Party in trust for the use and benefit of the Party entitled thereto and, promptly upon receipt by such Party of any such payment or reimbursement, such Party shall pay over the amount of such payment or reimbursement without right of set-off.

(g) The Parties agree that, prior to the Effective Time, any of the NiSource Parties may withdraw any and all cash or cash equivalents from the Columbia Accounts for the benefit of any NiSource Party and any such cash or cash equivalents so withdrawn shall be a NiSource asset notwithstanding anything to the contrary contained herein.

SECTION 2.13 Delivery of Instruments of Conveyance. In order to effectuate the transactions contemplated by this Article II, including the Transfers, NiSource and Columbia have executed and delivered and, shall execute and deliver, or cause to be executed and delivered (including, for the avoidance of doubt, in the case of Transfers effected following the Effective Time), such agreements, deeds, bills of sale, instruments of assumption, instruments of assignment, stock powers, certificates of title and other instruments of assignment, transfer, contribution, assumption, license and conveyance, together with any agreements entered into in connection therewith (collectively, the “**Conveyancing Instruments**”) as NiSource and Columbia shall reasonably deem necessary or appropriate to effect such transactions, including the Transfers.

SECTION 2.14 Transaction Agreements. At or prior to the Effective Time, NiSource and Columbia shall execute and deliver, or cause to be executed and delivered, as appropriate, each of the Transaction Agreements; provided, that in the case of the Transfers effected following the Effective Time, the applicable Conveyancing Instruments will be executed and delivered following the Effective Time.

SECTION 2.15 Columbia Borrowings and Dividends. In order to facilitate the Distribution, prior to the date hereof Columbia issued \$2,750,000,000 (two billion seven hundred fifty million dollars) in principal amount of senior unsecured notes and used the net proceeds to pay intercompany debt owed to the NiSource Parties and to pay the Special Dividend to NiSource as holder of record of all outstanding Columbia Shares.

ARTICLE III THE DISTRIBUTION

SECTION 3.1 Record Date and Distribution Date. Subject to the terms and conditions of this Agreement, including Section 3.6 and Section 3.8, the NiSource Board shall, in its sole and absolute discretion, establish the Record Date and the Distribution Date and any necessary or appropriate procedures in connection with the Distribution.

SECTION 3.2 The Distribution. Subject to the satisfaction or waiver of the conditions set forth in Section 3.7(b) and at the sole and absolute discretion of NiSource, on the Distribution Date, NiSource shall cause the Agent to distribute to each holder of record of NiSource Shares as of the Record Date by means of a *pro rata* dividend of one (1) Columbia Share for each NiSource Share held of record by such holder as of the Record Date (the “**Distribution**”); provided, however, that any fractional Columbia Shares shall be treated as provided in Section 3.4. The Distribution shall be effective at 11:59 p.m., New York City time, on the Distribution Date (the “**Effective Time**”).

SECTION 3.3 Delivery of Columbia Shares. Each Columbia Share distributed pursuant to Section 3.2 shall be validly issued, fully paid and nonassessable and free of preemptive rights. The Columbia Shares distributed shall be distributed as uncertificated shares registered in book-entry form through the direct registration system. No certificates therefor shall be distributed. NiSource shall cause the Agent to deliver an account statement to each holder of record of Columbia Shares reflecting such holder’s ownership interest in Columbia Shares.

SECTION 3.4 Fractional Shares. No fractional Columbia Shares will be distributed in the Distribution. NiSource will direct the Agent to determine the number of whole Columbia Shares and fractional Columbia Shares allocable to each holder of record of NiSource Shares as of the Record Date. Upon the determination by the Agent of such number of fractional Columbia Shares, as soon as practicable after the Distribution Date, the Agent, acting on behalf of the holders thereof, shall aggregate all such fractional shares and sell the whole shares obtained thereby for cash on the open market and shall thereafter promptly disburse to each such holder entitled thereto its ratable portion of the resulting cash proceeds, after making appropriate deductions of the amounts required to be withheld for United States federal income tax purposes, if any, and after deducting an amount equal to all brokerage fees and other costs attributed to the sale of fractional Columbia Shares pursuant to this Section 3.4.

SECTION 3.5 Unclaimed Shares. Any Columbia Shares or cash in lieu of fractional shares with respect to Columbia Shares that remain unclaimed by any holders of record of NiSource Shares one hundred eighty (180) days after the Distribution Date shall be delivered to Columbia, and Columbia shall hold such Columbia Shares for the account of such holders, and the parties hereto agree that all obligations to provide such Columbia Shares and cash, if any, in lieu of fractional share interests shall be obligations of Columbia, subject in each case to applicable escheat or other abandoned property Laws, and NiSource shall have no Liability with respect thereto.

SECTION 3.6 Distribution at NiSource's Discretion. The consummation of the transactions provided for in the foregoing provisions of this Article III shall only be effected after the Distribution has been declared by the NiSource Board and after all of the conditions set forth in Section 3.7 have been satisfied or waived. Notwithstanding the foregoing, at any time and from time to time prior to the Distribution, NiSource, in its sole and absolute discretion, may determine to abandon the Distribution or modify or change the terms of the Distribution, including by accelerating or delaying the timing of the consummation of all or part of the Distribution.

SECTION 3.7 Conditions to the Distribution. The obligation of NiSource to effect the Distribution is subject to the satisfaction or the waiver by NiSource, in its sole and absolute discretion, of each of the following conditions:

(a) Approval by the NiSource Board. This Agreement and the transactions contemplated hereby, including the declaration of the Distribution, shall have been duly approved by the NiSource Board in accordance with applicable Law and the Amended and Restated Certificate of Incorporation and Bylaws of NiSource.

(b) Financings; Special Dividend. The Columbia Financing Transactions shall have been consummated; the Special Dividend contemplated by Section 2.15 shall have been paid to NiSource; NiSource shall be satisfied in its sole discretion that, as of the Effective Time, no NiSource Party shall have any Liability under the Columbia Financing Transactions; and NiSource shall have entered into a new credit facility on such terms and for such amount as may be acceptable to NiSource.

(c) Transaction Agreements. The Transaction Agreements (excluding, in the case of the Transfers effected following the Effective Time, the applicable Conveyancing Instruments) shall have been duly executed and delivered by the parties thereto, and each Transaction Agreement shall be in full force and effect.

(d) Form 10 Registration Statement. The SEC shall have declared effective the Form 10 Registration Statement, and no stop order suspending the effectiveness of the Form 10 Registration Statement shall be in effect or, to the knowledge of either NiSource or Columbia, threatened by the SEC.

(e) Information Statement. The Information Statement shall have been mailed to holders of record of NiSource common stock.

(f) State and Foreign Securities and “Blue Sky” Laws Approvals. NiSource and Columbia shall have received all permits, registrations and consents required under the securities or “blue sky” Laws of states or other political subdivisions of the United States or of applicable foreign jurisdictions in connection with the Distribution.

(g) Approval of NYSE Listing Application. The NYSE shall have approved for listing, subject to official notice of issuance, the Columbia Shares and the LTIP Shares.

(h) Receipt of Tax Opinion. NiSource shall have received an opinion of Sidley Austin LLP (“**Sidley**”) (or other nationally recognized tax counsel), in form and substance satisfactory to NiSource, confirming, among other things, the tax-free status of the Distribution for U.S. federal income tax purposes.

(i) Receipt of Solvency Opinion. An independent firm acceptable to NiSource, in its sole and absolute discretion, shall have delivered one or more opinions to the NiSource Board confirming the solvency and adequacy of capital of NiSource and Columbia, which opinions shall be in form and substance satisfactory to NiSource, in its sole and absolute discretion, and shall not have been withdrawn or rescinded.

(j) Consents. NiSource and Columbia shall have received all material Governmental Approvals and Consents required to have been received prior to the Distribution and all material Third-Party Consents necessary to effect the Distribution and to permit the operation of the Columbia Business after the Distribution Date.

(k) No Legal Restraint. No order, injunction or decree issued by any court or agency of competent jurisdiction or other legal restraint or prohibition preventing consummation of the Distribution or any of the transactions contemplated hereby.

(l) Credit Ratings. NiSource and Columbia shall have each received credit ratings from the credit rating agencies that are satisfactory to NiSource in its sole and absolute discretion.

(m) No Other Events. No event or development shall have occurred or shall exist that, in the judgment of the NiSource Board, in its sole and absolute discretion, makes it inadvisable to effect the Distribution or the other transactions contemplated hereby.

SECTION 3.8 NiSource Right Not to Close or to Terminate. The conditions set forth in Section 3.7 are for the sole benefit of NiSource and shall not give rise to or create any duty on the part of NiSource or the NiSource Board to waive or not waive any such condition or to effect the Distribution, or in any way limit NiSource’s power of termination set forth in Section 10.15. Any determination made by NiSource prior to the Distribution concerning the satisfaction or waiver of any or all of the conditions set forth in Section 3.7 shall be conclusive and binding on the parties hereto.

**ARTICLE IV
NO REPRESENTATIONS AND WARRANTIES**

SECTION 4.1 No Representations or Warranties . EXCEPT AS EXPRESSLY SET FORTH HEREIN OR IN ANY TRANSACTION AGREEMENT, NO NISOURCE PARTY OR COLUMBIA PARTY MAKES ANY REPRESENTATION OR WARRANTY OF ANY KIND WHATSOEVER, EXPRESS OR IMPLIED, TO ANY COLUMBIA PARTY OR NISOURCE PARTY, AS APPLICABLE, OR ANY OTHER PERSON WITH RESPECT TO ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY, OR THE BUSINESS, ASSETS, CONDITION OR PROSPECTS (FINANCIAL OR OTHERWISE) OF, OR ANY OTHER MATTER INVOLVING, EITHER THE NISOURCE BUSINESS OR THE COLUMBIA BUSINESS, OR THE SUFFICIENCY OF ANY ASSETS TRANSFERRED TO THE APPLICABLE PARTY, OR THE TITLE TO ANY SUCH ASSETS, OR THAT ANY REQUIREMENTS OF APPLICABLE LAW ARE COMPLIED WITH, WITH RESPECT TO THE DISTRIBUTION AND THE TRANSACTIONS CONTEMPLATED HEREBY. EACH OF THE NISOURCE PARTIES AND THE COLUMBIA PARTIES SHALL TAKE ALL OF THE BUSINESS, ASSETS AND LIABILITIES TRANSFERRED TO OR ASSUMED BY IT PURSUANT TO THIS AGREEMENT OR ANY TRANSACTION AGREEMENT ON AN “AS IS, WHERE IS” BASIS, AND ALL IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A SPECIFIC PURPOSE OR OTHERWISE ARE HEREBY EXPRESSLY DISCLAIMED.

**ARTICLE V
CERTAIN COVENANTS**

SECTION 5.1 Non-Assignable Contracts .

(a) If and to the extent that any NiSource Party is unable to obtain any consent, approval or amendment necessary for the transfer or assignment to any Columbia Party of any Contract or other rights relating to the Columbia Business that would otherwise be transferred or assigned to such Columbia Party as contemplated by this Agreement or any Transaction Agreement, (i) such NiSource Party shall continue to be bound thereby and the purported transfer or assignment to such Columbia Party shall automatically be deemed deferred until such time as all legal impediments are removed and all necessary consents have been obtained and (ii) unless not permitted by the terms thereof or by Law, the Columbia Parties shall pay, perform and discharge fully all of the obligations of the NiSource Parties thereunder from and after the Distribution, or such earlier time as such transfer or assignment would otherwise have taken

place, and indemnify the NiSource Parties for all Losses arising out of such performance by such Columbia Party. The NiSource Parties shall, without further consideration therefor, pay and remit to the applicable Columbia Party promptly all monies, rights and other consideration received in respect of such performance. The NiSource Parties shall exercise or exploit their rights and options under all such Contracts and other rights, agreements and documents referred to in this Section 5.1(a) only as reasonably directed by Columbia and at Columbia's expense. If and when any such consent, approval or amendment shall be obtained or such Contract or other right or agreement shall otherwise become transferable or assignable or be able to be novated, the applicable NiSource Party shall promptly assign or transfer and novate (to the extent permissible) all of its rights and obligations thereunder to the applicable Columbia Party without payment of further consideration, and the Columbia Party shall, without the payment of any further consideration therefor, assume such rights and obligations. To the extent that the transfer or assignment of any Contract or other right (or the proceeds thereof) pursuant to this Section 5.1(a) is prohibited by Law or the terms thereof, this Section 5.1(a) shall operate to create a subcontract with the applicable Columbia Party to perform each relevant Contract or other right, agreement or document at a subcontract price equal to the monies, rights and other considerations received by the NiSource Parties with respect to the performance by such Columbia Party.

(b) If and to the extent that any Columbia Party is unable to obtain any consent, approval or amendment necessary for the transfer or assignment to any NiSource Party of any Contract or other rights relating to the NiSource Business that would otherwise be transferred or assigned to such NiSource Party as contemplated by this Agreement or any Transaction Agreement, (i) such Columbia Party shall continue to be bound thereby and the purported transfer or assignment to such NiSource Party shall automatically be deemed deferred until such time as all legal impediments are removed and all necessary consents have been obtained and (ii) unless not permitted by the terms thereof or by Law, the NiSource Parties shall pay, perform and discharge fully all of the obligations of the Columbia Parties thereunder from and after the Distribution, or such earlier time as such transfer or assignment would otherwise have taken place, and indemnify the Columbia Parties for all Losses arising out of such performance by such NiSource Party. The Columbia Parties shall, without further consideration therefor, pay and remit to the applicable NiSource Party promptly all monies, rights and other consideration received in respect of such performance. The Columbia Parties shall exercise or exploit their rights and options under all such Contracts and other rights, agreements and documents referred to in this Section 5.1(b) only as reasonably directed by NiSource and at NiSource's expense. If and when any such consent, approval or amendment shall be obtained or such Contract or other right or agreement shall otherwise become transferable or assignable or be able to be novated, the applicable Columbia Party shall promptly assign or transfer and novate (to the extent permissible) all of its rights and obligations thereunder to the applicable NiSource Party without payment of further consideration, and the NiSource Party shall, without the payment of any further consideration therefor, assume such rights and obligations. To the extent that the transfer or assignment of any Contract or other right (or the proceeds thereof) pursuant to this Section 5.1(b) is prohibited by Law or the terms thereof, this Section 5.1(b) shall operate to create a subcontract with the applicable NiSource Party to perform each relevant Contract or other right, agreement or document at a subcontract price equal to the monies, rights and other considerations received by the Columbia Parties with respect to the performance by such NiSource Party.

SECTION 5.2 Shared Contracts

(a) Any Contract with a Third Party that relates to both the NiSource Business and the Columbia Business (each such Contract, a “**Shared Contract**”) shall be handled as contemplated by Section 5.2(d) unless NiSource determines, in its sole discretion, that it is desirable to partially assign such Shared Contract as contemplated by Section 5.2(b) or to amend such Shared Contract as contemplated by Section 5.2(c).

(b) If any Shared Contract can be partially assigned by its terms and NiSource determines, in its sole discretion, that it is so desirable with respect to such Shared Contract, NiSource shall assign such Shared Contract in part to Columbia, or another Columbia Party designated by Columbia, so that the Columbia Parties will be entitled to the benefits and rights relating to the Columbia Business and will assume their related portion of any Liabilities under such Shared Contract. If any such partial assignment requires the consent or approval of any Third Party or any other required action, the partial assignment of such Shared Contract shall be effected in accordance with the terms of this Agreement, if and when such consent or approval is obtained or such other required action has been taken.

(c) If NiSource determines, in its sole discretion, that it is so desirable with respect to any Shared Contract, NiSource and Columbia shall, and shall cause the applicable NiSource Parties and Columbia Parties to, cooperate and use commercially reasonable efforts to enter into an arrangement with the counterparty to such Shared Contract to amend such Shared Contract so as to delete all obligations therefrom (i) to the extent that such obligations relate to the NiSource Business, and enter into a new Contract with the applicable counterparty which solely relates to the Columbia Business, on substantially equivalent terms and conditions as are then in effect under such Shared Contract, or (ii) to the extent that such obligations relate to the Columbia Business, and enter into a new Contract with the applicable counterparty which solely relates to the NiSource Business, on substantially equivalent terms and conditions as are then in effect under such Shared Contract.

(d) With respect to each Shared Contract that is not partially assigned or amended as contemplated by Section 5.2(b) or Section 5.2(c), NiSource and Columbia shall, and shall cause the applicable NiSource Parties and Columbia Parties to, cooperate in any lawful and reasonable arrangement, to the extent so permitted under the terms of such Shared Contract and applicable Law:

(i) to provide the applicable NiSource Party the benefits and obligations of any such Shared Contract with respect to the NiSource Business, including subcontracting, licensing, sublicensing, leasing or subleasing to the NiSource Party any or all of the rights and obligations with respect to such Shared Contract with respect to the NiSource Business, including, to the extent applicable and appropriate, upon the request and at the sole cost and expense of NiSource, CPG or the applicable CPG Parties using commercially reasonable efforts and in a commercially reasonable time-frame to pursue breach of warranty claims under such Shared Contract with respect to the NiSource Business on the applicable NiSource Parties’ behalf where such right to pursue a breach is not passed on to NiSource. In any such arrangement, the NiSource Parties will, with respect to that portion of the Shared Contract relating to the NiSource Business, (A) bear the sole responsibility for completion of the work or

provision of goods and services, (B) bear all Taxes with respect thereto or arising therefrom, (C) be solely entitled to all benefits thereof, economic or otherwise, including the receipt of all goods and services thereunder, (D) be solely responsible for any amounts due thereunder, any warranty or breach thereof, any repurchase, indemnity and service obligations thereunder and any damages related to termination of such Shared Contract, (E) promptly reimburse the reasonable costs and expenses of Columbia and the applicable Columbia Party related to such activities, (F) be entitled to continue to receive any correspondence or invoices delivered with respect to such Shared Contract and (G) be entitled to receive copies of all correspondence and invoices delivered to or by any Columbia Party with respect to such Shared Contract; and

(ii) to provide the applicable Columbia Party the benefits and obligations of any such Shared Contract with respect to the Columbia Business, including subcontracting, licensing, sublicensing, leasing or subleasing to the Columbia Party any or all of the rights and obligations with respect to such Shared Contract with respect to the Columbia Business including, to the extent applicable and appropriate, upon the request and at the sole cost and expense of CPG, NiSource or the applicable NiSource Parties using commercially reasonable efforts and in a commercially reasonable time-frame to pursue breach of warranty claims under such Shared Contract with respect to the CPG Business on the applicable CPG Parties' behalf where such right to pursue a breach is not passed on to CPG. In any such arrangement, the Columbia Parties will, with respect to that portion of the Shared Contract relating to the Columbia Business, (A) bear the sole responsibility for completion of the work or provision of goods and services, (B) bear all Taxes with respect thereto or arising therefrom, (C) be solely entitled to all benefits thereof, economic or otherwise, including the receipt of all goods and services thereunder, (D) be solely responsible for any amounts due thereunder, any warranty or breach thereof, any repurchase, indemnity and service obligations thereunder and any damages related to termination of such Shared Contract, (E) promptly reimburse the reasonable costs and expenses of NiSource and the applicable NiSource Party related to such activities and (F) be entitled to receive copies of all correspondence and invoices delivered to or by any NiSource Party with respect to such Shared Contract.

(e) With respect to each Shared Contract that is the subject of an arrangement contemplated by Section 5.2(d), NiSource, on behalf of itself and each of the NiSource Parties, shall indemnify, defend and hold harmless each of the Columbia Parties from and against any and all Expenses or Losses incurred or suffered by one or more of the Columbia Parties in connection with, relating to, arising out of or due to, directly or indirectly, that portion of the Shared Contract relating to the NiSource Business. With respect to each Shared Contract that is the subject of an arrangement contemplated by Section 5.2(d), Columbia, on behalf of itself and each of the Columbia Parties, shall indemnify, defend and hold harmless each of the NiSource Parties from and against any and all Expenses or Losses incurred or suffered by one or more of the NiSource Parties in connection with, relating to, arising out of or due to, directly or indirectly, that portion of the Shared Contract relating to the Columbia Business.

(f) No NiSource Party or Columbia Party shall be required to pay any consideration to any Third Party in connection with implementing the arrangements contemplated by this Section 5.2.

(g) The parties shall follow the procedures specified in Section 10.2 in the event of any dispute regarding the rights and obligations of the NiSource Parties or the Columbia Parties with respect to any Shared Contract that is the subject of an arrangement contemplated by Section 5.2(d).

SECTION 5.3 Further Assurances. (a) Each Party shall use its commercially reasonable efforts, after the Distribution Date, to take, or cause to be taken, all actions, and to do, or cause to be done, all things reasonably necessary or advisable under applicable Laws to consummate or make effective the transactions contemplated by this Agreement and each of the Transaction Agreements; provided, however, that no Party shall be obligated under this Section 5.3 to pay any consideration, grant any concession or incur any Liability to any Third Party.

(b) If, as a result of mistake or oversight, any asset or Contract reasonably necessary to the conduct of the Columbia Business is not transferred to the applicable Columbia Party or is transferred to any NiSource Party, or any asset or Contract reasonably necessary to the conduct of the NiSource Business is not transferred to the applicable NiSource Party or is transferred to any Columbia Party, the parties hereto intend that such asset or Contract shall be transferred to the Party that requires such asset or Contract for the conduct of its business, and NiSource and Columbia shall negotiate in good faith after the Effective Time to determine the terms of such transfer (which terms shall, to the extent applicable, be consistent with those contemplated for the transfer of assets under Section 2.6), or alternatively whether, notwithstanding such intent, such asset or Contract should not be transferred to a Columbia Party or to a NiSource Party, as the case may be, or the terms and conditions upon which such asset or Contract shall be made available to a Columbia Party or to a NiSource Party, as the case may be. Unless expressly provided to the contrary in this Agreement or any Transaction Agreement, if, as a result of mistake or oversight, any Columbia Liability is retained or assumed by any NiSource Party, or any NiSource Liability is retained or assumed by any Columbia Party, the parties hereto intend that such Liability shall be transferred to the Party with respect to which such Liability primarily relates, and NiSource and Columbia shall negotiate in good faith after the Effective Time to determine the consideration for such transfer and assumption or alternatively whether, notwithstanding such intent, such Liability should not be transferred to a Columbia Party or to a NiSource Party, as the case may be, or the terms and conditions upon which any such Liability shall be transferred. Notwithstanding anything to the contrary contained in this Section 5.3(b), (i) no NiSource Party or Columbia Party shall be obligated under this Section 5.3(b) to pay any consideration, grant any concession or incur any Liability to any Third Party other than the Liability to be transferred and (ii) Section 5.2 (and not this Section 5.3(b)) shall apply with respect to any Shared Contract.

SECTION 5.4 Receipt of Misdirected Assets. In the event that at any time and from time to time after the Effective Time, any NiSource Party shall receive from a Third Party an asset of the Columbia Business (including any remittances from account debtors in respect of the Columbia Business), such NiSource Party shall promptly transfer such asset to the appropriate Columbia Party. In the event that at any time and from time to time after the Effective Time, any Columbia Party shall receive from a Third Party an asset of the NiSource Business (including any remittances from account debtors in respect of the NiSource Business), such Columbia Party shall promptly transfer such asset to the appropriate NiSource Party. Each party hereto shall

cooperate with the other party and use its commercially reasonable efforts to set up procedures and notifications as are reasonably necessary or advisable to effectuate the transfers contemplated by this Section 5.4.

SECTION 5.5 Late Payments. Except as expressly provided to the contrary in this Agreement or in any Transaction Agreement, any amount not paid when due pursuant to this Agreement or any Transaction Agreement (and any amounts billed or otherwise invoiced or demanded in writing and properly payable that are not paid within 30 days of the date of such bill, invoice or other written demand) shall accrue interest at a rate per annum equal to the Prime Rate in effect on the applicable due date.

SECTION 5.6 No Hire.

(a) NiSource agrees that, without the prior written consent of Columbia's Senior Vice President of Human Resources, neither it nor any other NiSource Party will, directly or indirectly, hire any employee of any Columbia Party for a period commencing at the Effective Time and ending on the earlier of (i) 12 months following the Distribution Date or (ii) until six months after such employee's employment with any Columbia Party terminates, provided that no NiSource Party directly or indirectly suggested or directed that such employee terminate his or her employment.

(b) Columbia agrees that, without the prior consent of NiSource's Senior Vice President of Human Resources, neither it nor any other Columbia Party will, directly or indirectly, hire any employee of any NiSource Party for a period commencing at the Effective Time and ending on the earlier of (i) 12 months following the Distribution Date or (ii) until six months after such employee's employment with any NiSource Party terminates, provided that no Columbia Party directly or indirectly suggested or directed that such employee terminate his or her employment.

SECTION 5.7 Litigation. (a) As of the Effective Time, the Columbia Parties shall assume and thereafter, except as provided in Article VIII, be responsible for all Liabilities that may result from the Assumed Actions and all Losses and Expenses relating to the defense of the Assumed Actions incurred after the Distribution.

(b) NiSource agrees that, at all times from and after the Effective Time, if an Action relating primarily to the NiSource Business is commenced by a Third Party naming either a Columbia Party or both a NiSource Party and a Columbia Party as defendants thereto, then NiSource shall use its commercially reasonable efforts to cause such Columbia Party to be removed and dismissed from such Action; provided, however, that if NiSource is unable to cause such Columbia Party to be removed and dismissed from such Action, NiSource and Columbia shall cooperate and consult to the extent necessary or advisable with respect to such Action.

(c) Columbia agrees that, at all times from and after the Effective Time, if an Action relating primarily to the Columbia Business is commenced by a Third Party naming either a NiSource Party or both a NiSource Party and a Columbia Party as defendants thereto, then Columbia shall use its commercially reasonable efforts to cause such NiSource Party to be removed and dismissed from such Action; provided, however, that if Columbia is unable to

cause such NiSource Party to be removed and dismissed from such Action, NiSource and Columbia shall cooperate and consult to the extent necessary or advisable with respect to such Action.

(d) NiSource and Columbia agree that, at all times from and after the Effective Time, if an Action that does not relate primarily to the Columbia Business or the NiSource Business is commenced by a Third Party naming both a NiSource Party and a Columbia Party as defendants thereto, then NiSource and Columbia shall cooperate and consult to the extent necessary or advisable with respect to such Action.

(e) Notwithstanding anything to the contrary contained in this Agreement, Columbia shall (A) have the right to negotiate, settle and compromise each Action identified on Schedule 5.7(A) on behalf of both all Columbia Parties and all NiSource Parties and (B) be entitled to all amounts payable by any Third Parties in connection with any such Action. None of the NiSource Parties shall be responsible for the payment of any fees, costs or expenses incurred in connection with any Action identified on Schedule 5.7(A).

(f) Notwithstanding anything to the contrary contained in this Agreement, NiSource shall (A) have the right to negotiate, settle and compromise each Action identified on Schedule 5.7(B) on behalf of both all NiSource Parties and all Columbia Parties and (B) be entitled to all amounts payable by any Third Parties in connection with any such Action. None of the Columbia Parties shall be responsible for the payment of any fees, costs or expenses incurred in connection with any Action identified on Schedule 5.7(B).

SECTION 5.8 Signs; Use of Names. (a) Except as provided in the Transaction Agreements and subject to Section 5.8(d), on or prior to 180 days after the Distribution Date, the parties hereto, at the expense of the NiSource Party or Columbia Party that owns the tangible assets, shall remove (or, if necessary, on an interim basis cover up) any and all exterior and interior signs and identifiers on assets or properties owned or held by any Columbia Party that show any affiliation with any NiSource Party or the NiSource Business, or on assets or properties owned or held by any NiSource Party that show an affiliation with any Columbia Party or the Columbia Business. Subject to Section 5.8(d), Columbia hereby grants to the NiSource Parties and NiSource hereby grants to the Columbia Parties for a period of 180 days following the Distribution Date, a non-exclusive, non-transferable, fully-paid and royalty-free license to use their respective corporate names (the “**Marks**”) on business cards, schedules, stationery, displays, signs, promotional materials, manuals, forms, computer software and other material used in their respective businesses as of the Effective Time. Notwithstanding the foregoing and subject to Section 5.8(d): (i) NiSource shall use reasonable efforts to change all references in its materials to the Columbia Parties or the Columbia Business as soon as practicable following the Effective Time; and (ii) Columbia shall use reasonable efforts to change all references in its materials to the NiSource Parties, the NiSource Business and the name and mark “NiSource” or any variations thereof (the “**NiSource Mark**”) as soon as practicable following the Effective Time.

(b) Except as provided in the Transaction Agreements, after 180 days following the Effective Time, without the prior written consent of NiSource, the Columbia Parties shall not use or display the NiSource Mark, or other trademarks, trade names, logos or identifiers owned by or

licensed to a NiSource Party that have not been assigned or licensed to a Columbia Party; provided, however, that notwithstanding the foregoing, nothing contained in this Agreement shall prevent the Columbia Party from using NiSource's corporate name in public filings with Governmental Authorities, materials intended for distribution to the stockholders of either party hereto or any other communication in any medium that describes the relationship between the parties, including materials distributed to employees relating to the transition of employee benefit plans; and; provided, further, that the continuation of references to the Marks in telephone directories (and other similar Third Party or incidental uses that are not capable of being updated within the time period set forth above) for a period not to exceed one year following the Effective Time shall not be deemed a breach of this Section 5.8.

(c) Notwithstanding the foregoing requirements of this Section 5.8, no Party shall be required to change any name including the word "NiSource" or "Columbia" in any Contract with a Third Party, or in property records with respect to real or personal property, if an effort to change the name is commercially unreasonable; provided, however, that each Columbia Party on a prospective basis from and after the Distribution Date shall change the name in any new or amended Contract with a Third Party or property record.

(d) Columbia acknowledges that the rights of the Columbia Parties to use the name and mark "Columbia" or variations thereof (the "Columbia Mark") licensed under the Trademark License Agreement are limited to the Licensed Services (as defined in the Trademark License Agreement). Columbia further acknowledges that the NiSource Parties have retained the right to use the Columbia Mark on or in connection with business activities outside the scope of the Licensed Services, including the NiSource Business. Nothing contained in this Agreement shall: (i) apply to or be deemed to limit the use by the NiSource Parties of the Columbia Mark in connection with any business or activity outside the Licensed Services or (ii) prevent the NiSource Parties from using the corporate name of any Columbia Party in public filings with Governmental Authorities, materials intended for distribution to NiSource stockholders or any other communication in any medium that describes the relationship between the parties.

SECTION 5.9 Form S-8 Registration Statement. Columbia shall prepare and file with the SEC such amendments to the Form S-8 Registration Statement as may be necessary to keep the Form S-8 Registration Statement effective under the Securities Act and to keep registered the Columbia Shares subject to stock-based awards granted to current or former officers, employees and directors of the NiSource Parties for a period of not less than ten (10) years following the Distribution Date, provided that, Columbia's obligations pursuant to this Section 5.9 shall terminate on the date upon which there are no further securities covered thereby that may be issued pursuant to stock-based awards granted to current or former officers, employees and directors of the NiSource Parties pursuant to the terms of the applicable long-term incentive plan.

SECTION 5.10 Financial Instruments. After the Effective Time, (a) without the consent of the applicable NiSource Party, Columbia will not, and will not permit any Columbia Party to, renew, extend, modify, amend or supplement any Columbia Financial Instrument in any manner that would increase, extend or give rise to any Liability of any NiSource Party under such Columbia Financial Instrument and (b) without the consent of the applicable Columbia Party, NiSource will not, and will not permit any NiSource Party to, renew, extend, modify,

amend or supplement any NiSource Financial Instrument in any manner that would increase, extend or give rise to any Liability of any Columbia Party under such NiSource Financial Instrument.

SECTION 5.11 Documentation of Transfers. Each Party shall use its commercially reasonable efforts, after the Distribution Date, to take, or cause to be taken, all actions, and to do, or cause to be done, all things reasonably necessary or advisable under applicable Laws to document transfers of easements, rights of way, rights of access and other related assets that occurred prior to the Distribution Date, in each case, without the payment of any additional consideration and on the terms and conditions under which the Parties operated immediately prior to the Distribution Date.

ARTICLE VI INSURANCE MATTERS

SECTION 6.1 Insurance.

(a) Coverage. Subject to the provisions of this Section 6.1, coverage of the Columbia Parties under all Policies shall cease as of the Effective Time. From and after the Effective Time, the Columbia Parties will be responsible for obtaining and maintaining all insurance coverages in their own right. All Policies will be retained by the NiSource Parties, together with all rights, benefits and privileges thereunder (including the right to receive any and all return premiums with respect thereto), except that Columbia will have the rights in respect of Policies to the extent described in Section 6.1(b).

(b) Rights under Shared Policies. After the Effective Time, the Columbia Parties will have no rights with respect to any Policies, except that (i) Columbia will have the right to assert claims (and NiSource will use commercially reasonable efforts to assist Columbia in asserting claims if so requested by Columbia in writing) for any loss, liability or damage with respect to the Columbia Business or the Assets Transferred to Columbia under Policies that include any Columbia Party or any or all of the Columbia Business or the Assets Transferred to Columbia within the definition of the named insured, additional named insured, additional insured or insured (excluding, for the avoidance of doubt, any group health and welfare insurance policies) (“Shared Policies”) which are “occurrence basis” insurance policies or are insurance policies written on a “claims made and claims reported” basis (collectively, “Occurrence Basis Policies”) arising out of insured incidents occurring from the date coverage thereunder first commenced until the Effective Time to the extent that the terms and conditions of any such Occurrence Basis Policies and agreements relating thereto so allow, (ii) Columbia will have the right to continue to prosecute claims with respect to the Columbia Business or the Assets Transferred to Columbia properly asserted under Occurrence Basis Policies prior to the Effective Time to the extent that the terms and conditions of any such Occurrence Basis Policies and agreements relating thereto so allow (and NiSource will use commercially reasonable efforts to assist Columbia in asserting claims if so requested by Columbia in writing) and (iii) Columbia will have the right to continue to prosecute claims with respect to the Columbia Business or the Assets Transferred to Columbia properly asserted with the insurer prior to the Effective Time (and NiSource will use commercially reasonable efforts to assist Columbia in asserting claims if so requested by Columbia in writing) under Shared Policies with third-party insurers which are

insurance policies written on a “claims made” basis (“ **Claims Made Policies** ”) arising out of insured incidents occurring from the date coverage thereunder first commenced until the Effective Time to the extent that the terms and conditions of any such Claims Made Policies and agreements relating thereto so allow; provided, however, that in the case of clauses (i), (ii) and (iii), (A) all of the NiSource Parties’ reasonable Out-of-Pocket Expenses incurred in connection with their efforts to assist Columbia in asserting or continuing to prosecute the claims described above are promptly paid by Columbia following receipt by Columbia of an invoice for such expenses, (B) subject to Section 6.1(c) and Section 6.2(b), the NiSource Parties may, at any time, without liability or obligation to any Columbia Party, amend, commute, terminate, buy out, extinguish liability under or otherwise modify any Shared Policies (and such claims shall be subject to any such amendments, commutations, terminations, buy outs, extinguishments and modifications), (C) such claims will be subject to (and recovery thereon will be reduced by the amount of) any applicable deductibles, retentions or self-insurance provisions, and, with respect to any such applicable deductibles, retentions or self-insurance provisions that require a payment (except for reinsurance treaty obligations) by any NiSource Party in respect thereof, Columbia shall reimburse such NiSource Party for such payment, (D) such claims will be subject to (and recovery thereunder will be reduced by the amount of) any payment or reimbursement obligations (except for reinsurance treaty obligations) of any NiSource Party in respect thereof, (E) Columbia shall be responsible for and shall pay any claims handling expenses or residual Liability arising from such claims to the extent that, prior to the Distribution Date, the Columbia Parties have not paid for or been allocated such claims handling expenses and (F) such claims will be subject to exhaustion of existing sublimits and aggregate limits as provided in Section 6.1(d). NiSource’s obligation to use commercially reasonable efforts to assist Columbia in asserting claims under applicable Shared Policies shall include using commercially reasonable efforts to assist Columbia to establish its right to coverage under such Shared Policies (so long as all of the NiSource Parties’ Out-of-Pocket Expenses in connection therewith are promptly paid by Columbia). No NiSource Party will bear any Liability for the failure of any third-party insurer to pay any claim under any Shared Policy.

(c) In the event that after the Effective Time any NiSource Party proposes to amend, commute, terminate, buy out, extinguish liability under or otherwise modify any Shared Policy under which any Columbia Party has or may in the future have rights to assert claims pursuant to Section 6.1(b) in a manner that would adversely affect any such rights of such Columbia Party, (i) NiSource will give Columbia prior notice thereof and consult with Columbia with respect to such action (it being understood that the decision to take any such action will be in the sole discretion of NiSource), (ii) NiSource will not take such action without the prior written consent of Columbia, such consent not to be unreasonably withheld, conditioned or delayed, (iii) NiSource will pay to Columbia its equitable share (which shall be mutually agreed upon by NiSource and Columbia, acting reasonably, based on the amount of premiums paid by or allocated to the Columbia Business in respect of the applicable Shared Policy), if any, of any net proceeds actually received by NiSource from the insurer under the applicable Shared Policy as a result of such action by NiSource (after deducting NiSource’s reasonable costs and expenses incurred in connection with such action) and (iv) Columbia will pay to NiSource its equitable share (which shall be mutually agreed upon by NiSource and Columbia, acting reasonably, based on the amount of premiums paid by or allocated to the Columbia Business in respect of the applicable Shared Policy), if any, of any net premium owed by NiSource to the insurer under the applicable Shared Policy as a result of such action by NiSource.

(d) To the extent that the limits of any Shared Policy preclude payment in full of any Unrelated Claim filed by both a NiSource Party and a Columbia Party, the insurance proceeds available under such Shared Policy shall be paid to such NiSource Party or such Columbia Party on a FIFO Basis. In the event that both a NiSource Party and a Columbia Party file Related Claims under any Shared Policy, each of such NiSource Party and such Columbia Party shall receive a *pro rata* amount of the available insurance proceeds, based on the relationship the Loss incurred by each such Party bears to the total Loss to both such Parties from the occurrence or event underlying the Related Claims, as determined by a third-party adjuster mutually agreed upon by NiSource and Columbia.

SECTION 6.2 Maintenance of Insurance for Columbia; D&O Insurance. (a) Until the Effective Time, NiSource shall use its commercially reasonable efforts to maintain in effect all Policies to the extent that such Policies apply to the Columbia Business.

(b) For a period ending on the sixth anniversary of the Distribution Date, NiSource shall not voluntarily amend, commute, terminate, buy out, extinguish liability under or otherwise modify any Executive Risk Shared Policies in any manner that would materially adversely affect the rights of any Person who was insured thereunder as of immediately prior to the Effective Time and who is an employee or director of any Columbia Party as of the Effective Time without the prior written consent of Columbia, which consent shall not be unreasonably withheld, conditioned or delayed.

SECTION 6.3 Administration and Reserves. (a) From and after the Effective Time, the NiSource Parties will be responsible for the Claims Administration with respect to claims of the NiSource Parties under Shared Policies.

(b) From and after the Effective Time, (i) with respect to claims of the Columbia Parties that are, individually or in the aggregate, reasonably expected to result in a recovery of an amount that is less than or equal to the retention amount under the applicable Shared Policy, (x) the NiSource Parties will be responsible for the Claims Administration with respect to such claims, (y) the Columbia Parties shall provide the NiSource Parties commercially reasonable assistance for the prosecution of such claims and (z) the NiSource Parties will not enter into any related agreements or full and final settlements without the written consent of Columbia (which consent shall not be unreasonable withheld, conditioned or delayed) and (ii) with respect to claims of the Columbia Parties that are, individually or in the aggregate, reasonably expected to result in a recovery of an amount in excess of the retention amount under the applicable Shared Policy, (x) the Columbia Parties will be responsible for the Claims Administration with respect to such claims, (y) the NiSource Parties shall provide the Columbia Parties commercially reasonable assistance for the prosecution of such claims and (z) the Columbia Parties will not enter into any related agreements or full and final settlements without the written consent of NiSource (which consent shall not be unreasonable withheld, conditioned or delayed). NiSource and Columbia shall make a good faith effort to agree on the amount attributable to any claim under a Shared Policy to the extent such claim is less than or equal to a retention amount. If the Parties fail to agree on such amount within a 30-day period, a third-party adjudicator mutually agreed upon by NiSource and Columbia shall determine such amount.

(c) In the event that, after the Effective Time, any NiSource Party proposes to change the third-party administrator for any Shared Policy under which Columbia has or may in the future have rights to assert claims pursuant to Section 6.1(b), NiSource will not take such action without the prior written consent of Columbia, which consent shall not be unreasonably withheld, conditioned or delayed.

(d) Any insurance or casualty reserves of the NiSource Parties with respect to the Columbia Business shall remain with the NiSource Parties from and after the Effective Time.

(e) To the extent reasonably practicable, NiSource shall provide statutory reporting, where required, relating to any claims of the Columbia Parties under Shared Policies.

SECTION 6.4 Insurance Premiums. From and after the Effective Time, NiSource will pay all premiums, Taxes, assessments or similar charges (retrospectively-rated or otherwise) as required under the terms and conditions of the respective Shared Policies in respect of periods of coverage prior to the Effective Time, whereupon Columbia will upon the request of NiSource promptly reimburse NiSource for that portion of such additional premiums and other payments paid by NiSource as are reasonably determined by NiSource to be attributable to the Columbia Business. Notwithstanding the foregoing, to the extent that Columbia has previously paid a premium (or has been allocated a portion of a premium by NiSource) or satisfied a deductible amount under a Shared Policy, Columbia shall not be required to pay such premium pursuant to the foregoing sentence or satisfy such deductible again if Columbia makes a claim under such Shared Policy in accordance with this Article VI.

SECTION 6.5 Agreement for Waiver of Conflict and Shared Defense. In the event that a Shared Policy provides coverage for both a NiSource Party, on the one hand, and a Columbia Party, on the other hand, relating to the same occurrence, NiSource and Columbia agree to defend jointly and to waive any conflict of interest necessary to the conduct of that joint defense. Nothing in this Section 6.5 will be construed to limit or otherwise alter in any way the indemnity obligations of the Parties, including those created by this Agreement, by operation of Law or otherwise.

SECTION 6.6 Duty to Mitigate Settlements. To the extent that any Party is responsible for the Claims Administration for any claims under any Shared Policy after the Effective Time, such Party shall use its commercially reasonable efforts to mitigate the amount of any settlements of such claims.

SECTION 6.7 Non-Waiver of Rights to Coverage. An insurance carrier that would otherwise be obligated to pay any claim shall not be relieved of the responsibility with respect thereto, or, solely by virtue of the provisions of this Article VI, have any subrogation rights with respect thereto, it being expressly understood and agreed that no insurance carrier or any Third Party shall be entitled to a benefit (*i.e.* , a benefit such Person would not be entitled to receive had the Distribution not occurred or in the absence of the provisions of this Article VI) by virtue of the provisions hereof.

**ARTICLE VII
EXPENSES**

SECTION 7.1 Expenses. Except as otherwise provided in this Agreement or any Transaction Agreement, following the Effective Time (a) NiSource shall pay any then unpaid fees, costs and expenses incurred by it or any NiSource Party in connection with the preparation, execution, delivery and implementation of this Agreement, any Transaction Agreement, the Form 10 Registration Statement, the Form S-8 Registration Statement and the Distribution and the consummation of the transactions contemplated hereby and thereby and (b) Columbia shall pay any then unpaid fees, costs and expenses incurred by it or any Columbia Party in connection with the preparation, execution, delivery and implementation of this Agreement, any Transaction Agreement, the Form 10 Registration Statement, the Form S-8 Registration Statement and the Distribution and the consummation of the transactions contemplated hereby and thereby.

**ARTICLE VIII
MUTUAL RELEASES; INDEMNIFICATION**

SECTION 8.1 Release of Pre-Distribution Claims.

(a) Except as provided in Section 8.1(b) or on Schedule 8.1(A), effective as of the Effective Time,

(i) NiSource, on behalf of itself and each of the NiSource Parties and its and their respective successors and assigns, does hereby release and forever discharge each of the Columbia Parties and their respective successors and assigns and all Persons who at any time prior to the Effective Time have been Representatives of any Columbia Party (in each case, in their respective capacities as such), and their respective heirs, executors, administrators, successors and assigns, from any and all demands, Actions and Liabilities whatsoever, whether at law or in equity (including any right of contribution), whether arising under any Contract, by operation of Law or otherwise, existing or arising from any acts or events occurring or failing to occur or alleged to have occurred or to have failed to occur or any conditions existing or alleged to have existed on or before the Effective Time, including in connection with the transactions and all other activities to implement the Distribution and any of the other transactions contemplated by this Agreement or any of the Transaction Agreements; and

(ii) Columbia, on behalf of itself and each of the Columbia Parties and its and their respective successors and assigns, does hereby release and forever discharge each of the NiSource Parties and their respective successors and assigns and all Persons who at any time prior to the Effective Time have been Representatives of any NiSource Party (in each case, in their respective capacities as such), and their respective heirs, executors, administrators, successors and assigns, from any and all demands, Actions and Liabilities whatsoever, whether at law or in equity (including any right of contribution), whether arising under any Contract, by operation of Law or otherwise, existing or arising from any acts or events occurring or failing to occur or alleged to have occurred or to have failed to occur or any conditions existing or alleged to have existed on or before the Effective Time, including in connection with the transactions and all other activities to implement the Distribution and any of the other transactions contemplated by this Agreement or any of the Transaction Agreements.

(b) Nothing contained in Section 8.1(a) shall impair any right of any Person identified in Section 8.1(a), pursuant to this Agreement, any Transaction Agreement, any Employee Contract or any Intercompany Agreement prior to the date hereof that is not a Terminated Company Agreement. Nothing contained in Section 8.1(a) shall release or discharge any Person from:

(i) any Liability or obligation under this Agreement, any Transaction Agreement, any Employee Contract or any other Intercompany Agreement prior to the date hereof that is not a Terminated Company Agreement;

(ii) any Liability the release of which would result in the release of any Person other than a NiSource Party or a Columbia Party or their respective Representatives (in each case, in their respective capacities as such); or

(iii) any accounts payable due to any NiSource Party or any Columbia Party in the ordinary course of business.

In addition, nothing contained in Section 8.1(a) shall release any Party from honoring its existing obligations to indemnify any Person who was a Representative of such Party, at or prior to the Effective Time, to the extent such Person becomes a named defendant in any Action involving such Party, and was entitled to such indemnification pursuant to then existing obligations (including under any applicable charter, bylaw or similar provision); provided, however, that to the extent applicable, Section 8.2 and Section 8.3 shall determine whether any Party shall be required to indemnify the other in respect of such Liability.

(c) NiSource shall not, and shall cause the other NiSource Parties not to, make any claim or demand, or commence any Action asserting any claim or demand, including any claim of contribution or indemnification, against any Columbia Party or any other Person released pursuant to Section 8.1(a)(i), with respect to any Liability released pursuant to Section 8.1(a)(i); and Columbia shall not, and shall cause the other Columbia Parties not to, make, any claim or demand, or commence any Action asserting any claim or demand, including any claim of contribution or indemnification, against any NiSource Party or any other Person released pursuant to Section 8.1(a)(ii), with respect to any Liability released pursuant to Section 8.1(a)(ii).

(d) It is the intent of each of the parties hereto by virtue of the provisions of this Section 8.1 to provide for a full and complete release and discharge of all Liabilities existing or arising from all acts and events occurring or failing to occur or alleged to have occurred or to have failed to occur and all conditions existing or alleged to have existed on or before the Effective Time between any of the NiSource Parties, on the one hand, and any of the Columbia Parties, on the other hand (including any Contracts existing or alleged to exist between any of the Parties on or before the Effective Time), except as expressly set forth in this Section 8.1. At any time, at the reasonable request of either party hereto, the other party hereto shall execute and deliver, or cause to be executed and delivered, releases reflecting the provisions hereof.

SECTION 8.2 Indemnification by Columbia. Except as provided in Section 8.5, in the Transaction Agreements or in any of the Surviving Intercompany Agreements, Columbia shall indemnify, defend and hold harmless each of the NiSource Parties, each of their respective Representatives and each of the heirs, executors, successors and assigns of any of the foregoing (collectively, the “**NiSource Indemnified Parties**”), from and against any and all Expenses or Losses incurred or suffered by one or more of the NiSource Indemnified Parties in connection with, relating to, arising out of or due to, directly or indirectly, any of the following:

(a) the failure by any Columbia Party or any other Person to pay, perform or otherwise promptly discharge any Columbia Liability in accordance with its terms;

(b) any Columbia Liability;

(c) the Columbia Business as conducted (regardless of whether by NiSource and its Subsidiaries, including the Columbia Parties, or another Person) on, at any time prior to or at any time after the Effective Time;

(d) except to the extent provided in Section 8.3(d), any claim that the information included in the Form 10 Registration Statement or the Information Statement is or was false or misleading with respect to any material fact or omits or omitted to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading;

(e) except to the extent provided in Section 8.3(e), any claim that the information included in the Form S-8 Registration Statement or the prospectus forming a part thereof is or was false or misleading with respect to any material fact or omits or omitted to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading;

(f) the use by any Columbia Party after the Effective Time of the name NiSource or any variation thereof, or other trademarks, trade names, logos or identifiers using any of such names or otherwise owned by or licensed to any NiSource Party;

(g) the breach by any Columbia Party of any covenant or agreement set forth in this Agreement or any Conveyancing Instrument;

(h) any item or matter for which reimbursement or indemnification is to be provided by Columbia in accordance with Section 8.5 of the Employee Matters Agreement; and

(i) any Columbia Financial Instrument,

in each case, regardless of when or where the loss, claim, accident, occurrence, event or happening giving rise to the Expense or Loss took place, or whether any such loss, claim, accident, occurrence, event or happening is known or unknown, or reported or unreported and regardless of whether such loss, claim, accident, occurrence, event or happening giving rise to the Expense or Loss existed prior to, on or after the Effective Time or relates to, arises out of or results from actions, inactions, events, omissions, conditions, facts or circumstances occurring or existing prior to, on or after the Effective Time.

SECTION 8.3 Indemnification by NiSource. Except as provided in Section 8.5, in the Transaction Agreements or in any of the Surviving Intercompany Agreements, NiSource shall indemnify, defend and hold harmless each of the Columbia Parties, each of their respective Representatives and each of the heirs, executors, successors and assigns of any of the foregoing (collectively, the “**Columbia Indemnified Parties**”), from and against any and all Expenses or Losses incurred or suffered by one or more of the Columbia Indemnified Parties in connection with, relating to, arising out of or due to, directly or indirectly, any of the following:

(a) the failure by any NiSource Party or any other Person to pay, perform or otherwise promptly discharge any NiSource Liability in accordance with its terms;

(b) any NiSource Liability;

(c) the NiSource Business as conducted (regardless of whether by NiSource and its Subsidiaries, including the Columbia Parties, or another Person) on, at any time prior to or at any time after the Effective Time;

(d) solely with respect to the information contained in the Form 10 Registration Statement or the Information Statement that is set forth on Schedule 8.3(D) (and to the extent provided therein), any claim that the information included in the Form 10 Registration Statement or the Information Statement is or was false or misleading with respect to any material fact or omits or omitted to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading;

(e) solely with respect to the information contained in the Form S-8 Registration Statement or the prospectus forming a part thereof that is set forth on Schedule 8.3(E) (and to the extent provided therein), any claim that the information included in the Form S-8 Registration Statement or the prospectus forming a part thereof is or was false or misleading with respect to any material fact or omits or omitted to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading;

(f) the breach by any NiSource Party of any covenant or agreement set forth in this Agreement or any Conveyancing Instrument;

(g) any item or matter for which reimbursement or indemnification is to be provided by NiSource in accordance with Section 8.5 of the Employee Matters Agreement; and

(h) any NiSource Financial Instrument,

in each case, regardless of when or where the loss, claim, accident, occurrence, event or happening giving rise to the Expense or Loss took place, or whether any such loss, claim, accident, occurrence, event or happening is known or unknown, or reported or unreported and regardless of whether such loss, claim, accident, occurrence, event or happening giving rise to the Expense or Loss existed prior to, on or after the Effective Time or relates to, arises out of or results from actions, inactions, events, omissions, conditions, facts or circumstances occurring or existing prior to, on or after the Effective Time.

SECTION 8.4 Applicability of and Limitation on Indemnification. Except as expressly provided herein, the indemnity obligation under this Article VIII shall apply notwithstanding any investigation made by or on behalf of any Indemnified Party and shall apply without regard to whether the Loss or Expense for which indemnity is claimed hereunder is based on strict liability, absolute liability or any other theory of liability or arises as an obligation for contribution.

SECTION 8.5 Adjustment of Indemnifiable Losses.

(a) The amount that either party hereto (an “**Indemnifying Party**”) is required to pay to any Person entitled to indemnification hereunder (an “**Indemnified Party**”) shall be reduced by any insurance proceeds and other amounts actually recovered by or on behalf of such Indemnified Party (net of charges related directly and solely to the related indemnifiable Expense or Loss and costs and expenses (including reasonable legal fees and expenses) incurred by the Indemnified Party in connection with seeking to collect and collecting such amounts) in reduction of the related Expense or Loss (such net amounts are referred to herein as “**Indemnity Reduction Amounts**”). Each of NiSource and Columbia shall use its reasonable best efforts to collect any proceeds under its respective available and applicable Third Party insurance policies to which it or any of its Subsidiaries is entitled prior to seeking indemnification or contribution under this Agreement, where allowed; provided, however, that any such actions by an Indemnified Party will not relieve the Indemnifying Party of any of its obligations under this Agreement, including the Indemnifying Party’s obligation to pay directly or reimburse the Indemnified Party for costs and expenses actually incurred by the Indemnified Party. If any Indemnity Reduction Amounts are received by or on behalf of an Indemnified Party in respect of an indemnifiable Expense or Loss for which indemnification is provided under this Agreement after the full amount of such indemnifiable Expense or Loss has been paid by an Indemnifying Party or after an Indemnifying Party has made a partial payment of such indemnifiable Expense or Loss and such Indemnity Reduction Amounts exceed the remaining unpaid balance of such indemnifiable Expense or Loss, then the Indemnified Party shall promptly remit to the Indemnifying Party an amount equal to the excess (if any) of (i) the amount theretofore paid by the Indemnifying Party in respect of such indemnifiable Expense or Loss over (ii) the amount of the indemnity payment that would have been due if such Indemnity Reduction Amounts in respect thereof had been received before the indemnity payment was made. The Indemnified Party agrees that the Indemnifying Party shall be subrogated to such Indemnified Party under any insurance policy.

(b) An insurer who would otherwise be obligated to pay any claim shall not be relieved of the responsibility with respect thereto, or, solely by virtue of the indemnification provisions hereof, have any subrogation rights with respect thereto, it being expressly understood and agreed that no insurer or any other Third Party shall be entitled to a “windfall” (*i.e.*, a benefit it would not be entitled to receive in the absence of the indemnification provisions) by virtue of the indemnification provisions hereof.

(c) Indemnity payments under this Agreement shall be reported for Tax purposes in accordance with Section 8.2 of the Tax Allocation Agreement and shall be adjusted in accordance with Sections 8.3, 8.4 and 8.5 of the Tax Allocation Agreement.

SECTION 8.6 Procedures for Indemnification of Third-Party Claims.

(a) If any Third Party shall make any claim or commence any arbitration proceeding or suit (each such claim, proceeding or suit being a “**Third-Party Claim**”) against any one or more of the Indemnified Parties with respect to which an Indemnified Party intends to make any claim for indemnification against Columbia under Section 8.2 or against NiSource under Section 8.3, such Indemnified Party shall promptly, but in no event later than 10 days after receipt by the Indemnified Party of written notice of the Third-Party Claim, give written notice to the Indemnifying Party describing such Third-Party Claim in reasonable detail. Notwithstanding the foregoing, the failure of any Indemnified Party to provide notice in accordance with this Section 8.6(a) shall not relieve the related Indemnifying Party of its obligations under this Article VIII, except to the extent that such Indemnifying Party is actually prejudiced by such failure to provide notice.

(b) The Indemnifying Party shall have 30 days after receipt of the notice referred to in Section 8.6(a) to notify the Indemnified Party that it elects to conduct and control the defense of such Third-Party Claim. If the Indemnifying Party does not give the foregoing notice, the Indemnified Party shall have the right to defend, contest, settle or compromise such Third-Party Claim in the exercise of its exclusive discretion subject to the provisions of this Section 8.6, and the Indemnifying Party shall, upon request from any of the Indemnified Parties, promptly pay to such Indemnified Parties in accordance with the other terms of this Section 8.6(b) the amount of any Expense or Loss subject to indemnification hereunder resulting from such Third-Party Claim. If the Indemnifying Party gives the foregoing notice within such 30-day period, the Indemnifying Party shall have the right to undertake, conduct and control, through counsel reasonably acceptable to the Indemnified Party, and at the Indemnifying Party’s sole expense, the conduct and settlement of such Third-Party Claim, and the Indemnified Party shall cooperate with the Indemnifying Party in connection therewith; provided, however, that: (i) the Indemnifying Party shall use its reasonable best efforts to prevent any lien, encumbrance or other adverse charge to thereafter attach to any asset of any Indemnified Party; (ii) the Indemnifying Party shall use its reasonable best efforts to prevent any injunction against any Indemnified Party; (iii) the Indemnifying Party shall permit the Indemnified Party and any counsel chosen by the Indemnified Party and reasonably acceptable to the Indemnifying Party to monitor such conduct or settlement and shall provide the Indemnified Party and any such counsel with such information regarding such Third-Party Claim as either of them may reasonably request (which request may be general or specific), but the fees and expenses of such counsel chosen by the Indemnified Party (but not more than one separate counsel for all Indemnified Parties similarly situated) shall be borne by the Indemnified Party unless (A) the Indemnifying Party and the Indemnified Party shall have mutually agreed that the Indemnifying Party should pay for such counsel, (B) in the Indemnified Party’s reasonable judgment a conflict of interest exists in respect of such Third-Party Claim or (C) the Indemnifying Party shall have assumed responsibility for such Third-Party Claim without any reservations or exceptions; and (iv) the Indemnifying Party shall agree promptly to reimburse to the extent required under this Article VIII the Indemnified Party for the full amount of any Expense or Loss resulting from such Third-Party Claim.

(c) If the Indemnifying Party shall not have undertaken the conduct and control of the defense of any Third-Party Claim as provided in Section 8.6(b), the Indemnifying Party shall

nevertheless be entitled through counsel chosen by the Indemnifying Party and reasonably acceptable to the Indemnified Party to monitor the conduct or settlement of such claim by the Indemnified Party, and the Indemnified Party shall provide the Indemnifying Party and such counsel with such information regarding such Third-Party Claim as either of them may reasonably request (which request may be general or specific), but all costs and expenses incurred in connection with such monitoring shall be borne by the Indemnifying Party.

(d) Subject to Section 8.6(e), no Indemnifying Party will consent to any settlement, compromise or discharge (including the consent to entry of any judgment) of any Third-Party Claim without the Indemnified Party's prior written consent (which consent will not be unreasonably withheld, conditioned or delayed); provided, however, that if the Indemnifying Party assumes the defense of any Third-Party Claim, the Indemnified Party will agree to any settlement, compromise or discharge of such Third-Party Claim that the Indemnifying Party may recommend and that by its terms obligates the Indemnifying Party to pay the full amount of indemnifiable Expenses or Losses in connection with such Third-Party Claim and unconditionally and irrevocably releases the Indemnified Party and its Affiliates completely from all Liability in connection with such Third-Party Claim; provided further that the Indemnified Party may refuse to agree to any such settlement, compromise or discharge that (i) provides for injunctive or other nonmonetary relief affecting the Indemnified Party or any of its Affiliates or (ii) in the reasonable opinion of the Indemnified Party, would otherwise materially adversely affect the Indemnified Party or any of its Affiliates. Whether or not the Indemnifying Party shall have assumed the defense of a Third-Party Claim, the Indemnified Party will not (unless required by Law) admit any liability with respect to, or settle, compromise or discharge, such Third-Party Claim without the Indemnifying Party's prior written consent (which consent will not be unreasonably withheld, conditioned or delayed).

(e) If the Indemnified Party determines in its reasonable good faith judgment that the Indemnifying Party is not contesting such Third-Party Claim in good faith or is not settling such Third-Party Claim in accordance with this Section 8.6, the Indemnified Party shall have the right to undertake control of the defense of such Third-Party Claim upon five (5) days written notice to the Indemnifying Party and thereafter to defend, contest, settle or compromise such Third-Party Claim in the exercise of its exclusive discretion.

(f) For the avoidance of doubt, the provisions of this Section 8.6 are in furtherance of the provisions of Section 9.1 and shall not be deemed to in any way limit or otherwise modify the Parties' rights and obligations under Section 9.1.

(g) To the extent that, with respect to any claim governed by Tax Allocation Agreement, there is any inconsistency between the provisions of such Article and of this Section 8.6, the provisions of of the Tax Allocation Agreement shall control with respect to such claim.

SECTION 8.7 Procedures for Indemnification of Direct Claims. Any claim for indemnification on account of an Expense or a Loss made directly by the Indemnified Party against the Indemnifying Party and that does not result from a Third-Party Claim shall be reasonably promptly asserted by written notice from the Indemnified Party to the Indemnifying Party specifically claiming indemnification hereunder. Such Indemnifying Party shall have a

period of 30 days after the receipt of such notice within which to respond thereto. If such Indemnifying Party does not respond within such 30-day period, such Indemnifying Party shall be deemed to have refused to accept responsibility to provide indemnification with respect to such claim. If such Indemnifying Party does not respond within such 30-day period or does respond within such 30-day period and rejects such claim in whole or in part, such Indemnified Party shall be free to pursue resolution as provided in Article X.

SECTION 8.8 Contribution. If the indemnification provided for in this Article VIII is judicially determined to be unavailable (other than in accordance with the terms of this Agreement, in which case this Section 8.8 shall not apply) to an Indemnified Party in respect of any Losses or Expenses referred to herein, then the Indemnifying Party, in lieu of indemnifying such Indemnified Party, shall contribute to the amount paid or payable by such Indemnified Party as a result of such Expense or Loss in such proportion as is appropriate to reflect the relative fault of the Columbia Indemnified Parties, on the one hand, and the NiSource Indemnified Parties, on the other hand, in connection with the conduct, statements or omissions that resulted in such Expense or Loss. The relative fault of any Columbia Indemnified Party, on the one hand, and of any NiSource Indemnified Party, on the other hand, in the case of any Expense or Loss arising out of or related to information contained in the Form 10 Registration Statement, the Information Statement, the Form S-8 Registration Statement (including the related prospectus) or other securities Law filing shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission of a material fact relates to information supplied by the Columbia Business or a Columbia Indemnified Party, on the one hand, or by the NiSource Business or a NiSource Indemnified Party, on the other hand. The information on Schedule 8.3(D) and Schedule 8.3(E) shall be deemed supplied by the NiSource Business or the NiSource Indemnified Parties. All other information in the Form 10 Registration Statement, the Information Statement and the Form S-8 Registration Statement (including the related prospectus) shall be deemed supplied by the Columbia Business or the Columbia Indemnified Parties.

SECTION 8.9 Indemnification Obligations.

(a) The indemnity and contribution agreements contained in this Article VIII shall remain operative and in full force and effect, regardless of (i) any investigation made by or on behalf of any Indemnified Party, (ii) the knowledge by the Indemnified Party of Liabilities for which it might be entitled to indemnification or contribution under this Agreement and (iii) any termination of this Agreement after the Effective Time.

SECTION 8.10 Remedies Cumulative. Subject to the provisions of Article VII and Section 8.12, the remedies provided in this Article VIII shall be cumulative and shall not preclude assertion by an Indemnified Party of any other rights or the seeking of any and all other remedies against any Indemnifying Party.

SECTION 8.11 Survival. Unless a specific survival or other applicable period is expressly set forth herein, all covenants and agreements of the parties contained in this Agreement relating to indemnification shall survive the Effective Time indefinitely.

SECTION 8.12 Exclusivity of Tax Allocation Agreement. Except as otherwise expressly set forth in this Agreement, the Tax Allocation Agreement shall be the exclusive agreement among any of the Parties with respect to indemnification in respect of Tax matters.

ARTICLE IX
ACCESS TO INFORMATION AND SERVICES

SECTION 9.1 Agreement for Exchange of Information. (a) Subject to Section 9.1(b), Section 9.8 and any other applicable confidentiality obligations, at all times from and after the Distribution Date for a period of six years, as soon as reasonably practicable after written request: (i) NiSource shall afford to the Columbia Parties and their authorized accountants, counsel and other designated representatives reasonable access during normal business hours to, or, at Columbia's expense, provide copies of, all Information in the possession or under the control of NiSource immediately following the Distribution Date that relates to Columbia, the Columbia Business or the employees or former employees of the Columbia Business; and (ii) Columbia shall afford to the NiSource Parties and their authorized accountants, counsel and other designated representatives reasonable access during normal business hours to, or, at NiSource's expense, provide copies of, all Information in the possession or under the control of Columbia immediately following the Distribution Date that relates to NiSource, the NiSource Business or the employees or former employees of the NiSource Business; provided, however, that in the event that either NiSource or Columbia determines that any such provision of or access to Information would be commercially detrimental in any material respect, violate any Law or agreement or waive any attorney-client privilege, the work product doctrine or other applicable privilege, the Parties shall take all reasonable measures to permit the compliance with such obligations in a manner that avoids any such harm or consequence and; provided, further that, with respect to Information that is subject to a retention period that is longer than six years under the policies and procedures of NiSource as in effect on the Distribution Date, the rights and obligations of the parties hereto under the foregoing provisions of this Section 9.1(a) shall apply to such Information for such longer period.

(b) Either party hereto may request Information under Section 9.1(a) or Section 9.7: (i) to comply with reporting, disclosure, filing or other requirements imposed on the requesting party or any of its Affiliates (including under applicable securities or Tax Laws) by a Governmental Authority having jurisdiction over such requesting party or Affiliate thereof; (ii) for use in any other judicial, regulatory, administrative, Tax or other proceeding or anticipated proceeding or in order to satisfy audit, accounting, claims defense, regulatory filings, litigation, Tax or other similar requirements (other than in connection with any Action or anticipated Action in which any NiSource Party is adverse to any Columbia Party); (iii) for use in compensation, benefit or welfare plan administration or other *bona fide* business purposes; (iv) to comply with its obligations under this Agreement or any Transaction Agreement or (v) to comply with its obligations under the policies and procedures of NiSource concerning the retention of Information as in effect on the Distribution Date or as amended in accordance with Section 9.4.

(c) Without limiting the generality of the foregoing, until the end of the first full Columbia fiscal year occurring after the Distribution Date (and for a reasonable period of time afterwards as required for each party hereto to prepare consolidated financial statements or

complete a financial statement audit for the fiscal year during which the Distribution Date occurs), each party hereto shall use its commercially reasonable efforts to cooperate with the other party's Information requests to enable the other party to meet its timetable for dissemination of its earnings releases and financial statements and to enable such other party's auditors to timely complete their audit of the annual financial statements and review of the quarterly financial statements.

SECTION 9.2 Ownership of Information . Any Information owned by any Party that is provided to a requesting Party pursuant to Section 9.1 shall be deemed to remain the property of the providing Party. Unless specifically set forth herein, nothing contained in this Agreement shall be construed to grant or confer rights of license or otherwise in any such Information.

SECTION 9.3 Compensation for Providing Information . The party requesting Information pursuant to Section 9.1 agrees to reimburse the providing party for the reasonable Out-of-Pocket Expenses, if any, of gathering and copying such Information, to the extent that such Out-of-Pocket Expenses are incurred for the benefit of the requesting party.

SECTION 9.4 Retention of Records . To facilitate the possible exchange of Information pursuant to this Article IX after the Distribution Date, except as otherwise required or agreed in writing, or as otherwise provided in the Tax Allocation Agreement, the parties hereto agree to use commercially reasonable efforts to retain all Information in their respective possession or control on the Distribution Date in accordance with the policies and procedures of NiSource as in effect on the Distribution Date or such other policies and procedures as may reasonably be adopted by the applicable party after the Distribution Date subject to the notice provisions of this Section 9.4 . For a period of six years following the Distribution Date, prior to amending in any material respect its policies or legal hold procedures with respect to retention of Information held by such party as of the Effective Time, the party proposing to amend its policies or legal hold procedures shall use its commercially reasonable efforts to provide no less than 30 days' prior written notice to the other party, specifying the amendments proposed to be made, and if, prior to the scheduled date for implementation of such amended policies or legal hold procedures, the other party requests in writing that implementation of such amended policies or legal hold procedures be delayed, the other party shall defer implementation for an additional 30 days and shall discuss in good faith during such 30-day period the written concerns and objections of the other party. Notwithstanding the foregoing, neither party shall be required to delay implementation of any amendment to Information retention policies and legal hold procedures to the extent such amendments are required by applicable Law. After the expiration of such required retention period, if any NiSource Party or Columbia Party wishes to destroy or dispose of any such Information, prior to destroying or disposing of any of such Information, (i) NiSource or Columbia, on behalf of the Party that is proposing to destroy or dispose of any such Information, will provide no less than 30 days' prior written notice to the other party, specifying in reasonable detail the Information proposed to be destroyed or disposed of and (ii) if, prior to the scheduled date for such destruction or disposal, the recipient of such notice requests in writing that any of the Information proposed to be destroyed or disposed of be delivered to such requesting party, the Party which is proposing to destroy or dispose of such Information promptly will arrange for the delivery of the requested Information to a location specified by, and at the expense of, the requesting party.

SECTION 9.5 Limitation of Liability. No Party shall have any liability to any other Party (a) if any Information exchanged or provided pursuant to this Agreement that is an estimate or forecast, or that is based on an estimate or forecast, is found to be inaccurate, in the absence of gross negligence or willful misconduct by the Party providing such Information or (b) if any Information is destroyed despite using commercially reasonable efforts to comply with the provisions of Section 9.4.

SECTION 9.6 Production of Witnesses; Records; Cooperation. At all times from and after the Distribution Date, each party hereto shall use commercially reasonable efforts to make available, or cause to be made available, to the other party hereto (without cost (other than reimbursement of actual Out-of-Pocket Expenses) to, and upon prior written request of, the other party) its directors, officers, employees and other Representatives as witnesses, and any books, records or other documents within its control or which it otherwise has the ability to make available, to the extent that any such person (giving consideration to business demands of such directors, officers, employees and other Representatives) or books, records or other documents may reasonably be required by the other party in connection with any Action or any reasonably anticipated Action (except in the case of any Action or any reasonably anticipated Action in which any NiSource Party is adverse to any Columbia Party) in which the requesting party may from time to time be involved with respect to the Columbia Business, the NiSource Business or any transactions contemplated hereby; provided that the same shall not unreasonably interfere with the conduct of business by the party of which the request is made. The requesting party shall bear all Out-of-Pocket Expenses in connection therewith.

SECTION 9.7 Sharing of Knowledge. Subject to Section 9.1(b) and any limitations set forth in any Transaction Agreement and subject to Section 9.8 and any other applicable confidentiality obligations, for a period of two years following the Distribution Date, as soon as reasonably practicable after written request: (a) to the extent that information or knowledge with respect to the Columbia Business as of or prior to the Effective Time is available through discussions with employees of the NiSource Parties, NiSource shall make such employees reasonably available to Columbia to provide such information or knowledge and (b) to the extent that information or knowledge relating to the NiSource Business as of or prior to the Effective Time is available through discussions with employees of the Columbia Parties, Columbia shall make such employees reasonably available to NiSource to provide such information or knowledge; provided, however, that in the event that either NiSource or Columbia determines that any such provision of such information or knowledge would be commercially detrimental in any material respect, violate any Law or agreement or waive any attorney-client privilege, the work product doctrine or other applicable privilege, the parties hereto shall take all reasonable measures to permit the compliance with such obligations in a manner that avoids any such harm or consequence; and provided further that, to the extent specific information or knowledge-sharing provisions are contained in any of the Transaction Agreements, such other provisions (and not this Section 9.7) shall govern.

SECTION 9.8 Confidentiality. (a) From and after the Distribution Date, each of NiSource and Columbia shall hold, and shall cause their respective Subsidiaries, Affiliates and Representatives to hold, in strict confidence, with at least the same degree of care that applies to NiSource's confidential and proprietary information pursuant to policies in effect as of the Distribution Date or such other procedures as may reasonably be adopted by the receiving party

after the Distribution Date, all Confidential Information of the disclosing party or any of its Affiliates obtained by such receiving party prior to the Distribution Date, accessed by such receiving party pursuant to Section 9.1 or furnished to such receiving party by or on behalf of the disclosing party or any of its Affiliates pursuant to this Agreement or, to the extent not addressed in a Transaction Agreement, any agreement contemplated hereby, shall not use such Confidential Information (except as contemplated by this Agreement, such Transaction Agreement or any agreement contemplated hereby) and shall not release or disclose such Confidential Information to any other Person, except its Representatives, who shall be bound by the provisions of this Section 9.8 or similar confidentiality obligations; provided, however, that NiSource and Columbia and their respective Representatives may disclose or use such information if, and only to the extent that, (i) a disclosure of such information is compelled by judicial or administrative process or, in the opinion of the receiving party's counsel, by other requirements of Law (in which case such party will provide, to the extent reasonably practicable under the circumstances, advance written notice to the other party of its intent to make such disclosure) or (ii) the receiving party can show that such information (A) has been published or has otherwise become available to the general public as part of the public domain without breach of this Agreement, (B) has been furnished or made known to the receiving party without any obligation to keep it confidential by a Third Party under circumstances that are not known to the receiving party to involve a breach of the Third Party's obligations to a Party or (C) was developed independently of information furnished or made available to the receiving party as contemplated under this Agreement (except, in the case of each of (A), (B) and (C), to the extent that notwithstanding the foregoing, use or disclosure thereof would be prohibited by applicable Law); and provided further that NiSource and Columbia may disclose, or permit disclosure of, Confidential Information to their respective auditors, attorneys, financial advisors, bankers and other appropriate Representatives who have a need to know such information and are informed of their obligation to hold such information confidential to the same extent as is applicable to the Parties and in respect of whose failure to comply with such obligations, the applicable Party will be responsible. Notwithstanding the foregoing, in the event that any demand or request for disclosure of Confidential Information is made pursuant to clause (i) above, each party hereto, as applicable, shall promptly notify the other of the existence of such request or demand and shall provide the other a reasonable opportunity to seek an appropriate protective order or other remedy, which the parties hereto will cooperate in obtaining. In the event that such appropriate protective order or other remedy is not obtained, the party whose Confidential Information is required to be disclosed shall or shall cause the other applicable party to furnish, or cause to be furnished, only that portion of the Confidential Information that is legally required to be disclosed and shall take commercially reasonable steps to ensure that confidential treatment is accorded such information.

(b) Each of NiSource and Columbia, respectively, shall be responsible for any breach of this Section 9.8 by any of its Representatives to whom it has disclosed Confidential Information.

(c) Notwithstanding the provisions of this Section 9.8, each of NiSource and Columbia will be deemed to have satisfied its obligations under Section 9.8(a) with respect to preserving the confidentiality of the other party's Confidential Information as long as it takes the same degree of care that it takes to: (i) secure and maintain the confidentiality of its own similar information; (ii) protect its own similar information against anticipated threats or hazards; and (iii) protect against loss or theft or unauthorized access, copying, disclosure, loss, damage, modification or use of its own similar information.

(d) Each of NiSource and Columbia acknowledges that the disclosing party would not have an adequate remedy at law for the breach by the receiving party of any one or more of the covenants contained in this Section 9.8 and agrees that, notwithstanding Section 10.2, the disclosing party shall, in addition to the other remedies that may be available to it, be entitled to an injunction to prevent actual or threatened breaches of this Section 9.8 and to enforce specifically the terms and provisions of this Section 9.8 in any court of competent jurisdiction. Notwithstanding anything to the contrary contained in this Agreement, the provisions of this Section 9.8 shall survive the Distribution Date indefinitely.

(e) This Section 9.8 shall not apply with respect to Confidential Information furnished to the receiving party or accessed by the receiving party pursuant to any Transaction Agreement, except to the extent that such Transaction Agreement incorporates the provisions of this Section 9.8 by reference.

(f) Notwithstanding the limitations set forth in this Section 9.8, with respect to financial and other information related to the Columbia Parties for the periods during which such Columbia Parties were Subsidiaries of NiSource, in addition to fulfilling its periodic reporting obligations with the SEC as required by applicable Law, NiSource shall be permitted to disclose such information in its earnings releases, investor calls, rating agency presentations and other similar disclosures.

SECTION 9.9 Privileged Matters. (a) Each of NiSource and Columbia agrees to maintain, preserve and assert all privileges, including privileges arising under or relating to the attorney-client relationship (which shall include the attorney-client and work product privileges), not heretofore waived, that relate to the Columbia Business or the NiSource Business for any period prior to the Distribution Date (each a “**Privilege**”). Each party hereto acknowledges and agrees that any costs associated with asserting any Privilege shall be borne by the party requesting that such Privilege be asserted. Each party hereto agrees that neither it nor any of its Affiliates shall waive any Privilege that could be asserted by the other party hereto or any of its Affiliates under applicable Law without the prior written consent of the other party (which consent shall not be unreasonably withheld, conditioned or delayed). The rights and obligations created by this Section 9.9 shall apply to all information relating to the NiSource Business or the Columbia Business as to which, but for the Distribution, any Party would have been entitled to assert or did assert the protection of a Privilege (“**Privileged Information**”), including (i) any and all information generated prior to the Distribution Date but which, after the Distribution, is in the possession of any Party and (ii) all information generated, received or arising after the Distribution Date that refers to or relates to Privileged Information generated, received or arising prior to the Distribution Date.

(b) Upon receipt by either party of any subpoena, discovery or other request that may call for the production or disclosure of Privileged Information or if any party obtains knowledge that any current or former director, officer or employee of NiSource, Columbia or any of their respective Affiliates has received any subpoena, discovery or other request that may call for the production or disclosure of Privileged Information of the other party or any of such other party’s

Affiliates, such party shall notify promptly the other party hereto of the existence of the request and shall provide the other party hereto a reasonable opportunity to review the information and to assert any rights it or any of its Affiliates may have under this Section 9.9 or otherwise to prevent the production or disclosure of Privileged Information. Each party hereto agrees that it will not produce or disclose, or permit any of its Affiliates to produce or disclose, any information that may be covered by a Privilege of the other party hereto or any of such other party's Affiliates under this Section 9.9 unless (i) the other party has provided its written consent to such production or disclosure (which consent shall not be unreasonably withheld, conditioned or delayed) or (ii) a court of competent jurisdiction has entered a final, nonappealable order finding that the information is not entitled to protection under any applicable Privilege.

(c) NiSource's transfer of books and records and other information to Columbia, and NiSource's agreement to permit Columbia to possess Privileged Information existing or generated prior to the Distribution Date, are made in reliance on Columbia's agreement, as set forth in Section 9.8 and Section 9.9, to maintain the confidentiality of Privileged Information and to assert and maintain all applicable Privileges. The access to information being granted pursuant to Section 9.1, the agreement to provide witnesses and individuals pursuant to Section 9.6 and the transfer of Privileged Information to Columbia pursuant to this Agreement shall not be deemed a waiver of any Privilege that has been or may be asserted under this Section 9.9 or otherwise. Nothing in this Agreement shall operate to reduce, minimize or condition the rights granted to NiSource in, or the obligations imposed upon Columbia by, this Section 9.9. Columbia's transfer of books and records and other information to NiSource, and Columbia's agreement to permit NiSource to possess Privileged Information existing or generated prior to the Distribution Date, are made in reliance on NiSource's agreement, as set forth in Section 9.8 and Section 9.9, to maintain the confidentiality of Privileged Information and to assert and maintain all applicable Privileges. The access to information being granted pursuant to Section 9.1, the agreement to provide witnesses and individuals pursuant to Section 9.6 and the transfer of Privileged Information to NiSource pursuant to this Agreement shall not be deemed a waiver of any Privilege that has been or may be asserted under this Section 9.9 or otherwise. Nothing in this Agreement shall operate to reduce, minimize or condition the rights granted to Columbia in, or the obligations imposed upon NiSource by, this Section 9.9. For the avoidance of doubt, to the extent that books, records and other information remain in the possession of any of the NiSource Parties, such books, records and other information shall remain the property of NiSource, and NiSource shall retain the right to assert privilege over them.

(d) If any dispute arises between any NiSource Party and any Columbia Party regarding whether a privilege should be waived to protect or advance the interests of either the NiSource Parties or the Columbia Parties, each party hereto agrees that it shall (i) negotiate with the other party hereto in good faith, (ii) endeavor to minimize any prejudice to the rights of the other party hereto and (iii) not unreasonably withhold, condition or delay consent to any request for waiver by the other party hereto. Nevertheless, each Party is permitted to withhold its consent to the waiver of a privilege for the purpose of protecting its own legitimate interests.

(e) The transfer of all Information pursuant to this Agreement is made in reliance on the agreement of NiSource and Columbia set forth in Section 9.8 and this Section 9.9 to maintain the confidentiality of privileged Information and to assert and maintain all applicable privileges.

The parties agree that their respective rights to any access to Information, witnesses and other Persons, the furnishing of notices and documents and other cooperative efforts between the Parties contemplated by this Agreement, and the transfer of privileged Information between the Parties pursuant to this Agreement, shall not be deemed a waiver of any privilege that has been or may be asserted under this Agreement or otherwise.

SECTION 9.10 Attorney Representation. (a) Columbia, on behalf of itself and the other Columbia Parties, hereby acknowledges that Sidley is counsel to NiSource, and not counsel to any Columbia Party, in connection with the transactions contemplated by this Agreement. Columbia acknowledges that Sidley has acted as counsel for NiSource and that, in the event of any Dispute (under Article VIII or otherwise), NiSource reasonably anticipates that Sidley will represent the NiSource Parties in such matters. Accordingly, to the extent required by applicable Law or otherwise, Columbia, on behalf of itself and each of the Columbia Parties, expressly (i) consents to Sidley's representation of any of the NiSource Parties in any post-Distribution matter in which the interests of any Columbia Party, on the one hand, and any NiSource Party, on the other hand, are adverse, whether or not such matter is one in which Sidley may have previously advised NiSource; (ii) consents to the disclosure by Sidley to NiSource of any information learned by Sidley in the course of its representation of NiSource, whether or not such information is subject to the attorney-client privilege or Sidley's duty of confidentiality and whether or not such disclosure is made before or after the Distribution; and (iii) irrevocably waives any right it may have to discover or obtain information or documentation relating to the representation of NiSource by Sidley, including in connection with the transactions contemplated by this Agreement or any of the Transaction Agreements. Columbia further covenants, on behalf of itself and each of the Columbia Parties, that it shall not assert any claim against Sidley in respect of legal services provided to NiSource by Sidley, whether or not such services relate to the Columbia Business, the Assets Transferred to Columbia or the transactions contemplated by this Agreement or any of the Transaction Agreements.

(b) NiSource, on behalf of itself and the other NiSource Parties, hereby waives any conflict of interest with respect to any attorney who is or becomes an employee of Columbia resulting from such person being an employee of NiSource or any of its Subsidiaries (including the Columbia Parties) or having provided legal services to NiSource or any of its Subsidiaries at any time prior to the Distribution and agrees to allow such attorney to represent the Columbia Parties in any transaction or dispute with respect to this Agreement, the Transaction Agreements, the transactions contemplated hereby and thereby and transactions between the Parties that commence following the Distribution Date. Columbia, on behalf of itself and the other Columbia Parties, hereby waives any conflict of interest with respect to any attorney who is or becomes an employee of NiSource resulting from such person being an employee of Columbia or any of its Subsidiaries or having provided legal services to Columbia or any of its Subsidiaries at any time prior to the Distribution and agrees to allow such attorney to represent the NiSource Parties in any transaction or dispute with respect to this Agreement, the Transaction Agreements and the transactions contemplated hereby and thereby and transactions between the Parties that commence following the Distribution Date.

(c) In furtherance of the foregoing provisions of this Section 9.10, each NiSource Party and each Columbia Party will, upon request, execute and deliver a specific waiver as may be required in connection with a particular transaction or dispute under the applicable rules of professional conduct in order to effectuate the general waiver set forth above.

SECTION 9.11 Financial Information Certifications. (a) In order to enable the principal executive officer or officers, principal financial officer or officers and controller or controllers of NiSource to make the certifications required of them under Section 302 of the Sarbanes-Oxley Act of 2002, within 30 days following the end of any fiscal quarter during which Columbia was a Subsidiary of NiSource, and within 60 days following the end of any fiscal year during which Columbia was a Subsidiary of NiSource, Columbia shall provide a certification statement with respect to internal controls for corporate and shared services processes for such quarter, year or portion thereof to those certifying officers and employees of NiSource, which certification shall be in substantially the same form as had been provided by officers or employees of Columbia in certifications delivered prior to the Distribution Date (provided that such certification shall be made by Columbia rather than individual officers or employees), or as otherwise agreed upon between the parties hereto. Such certification statements shall also reflect any changes in certification statements necessitated by the transactions contemplated by this Agreement.

(b) In order to enable the principal executive officer or officers, principal financial officer or officers and controller or controllers of Columbia to make the certifications required of them under Section 302 of the Sarbanes-Oxley Act of 2002, within 30 days following the end of any fiscal quarter during which Columbia was a Subsidiary of NiSource, and within 60 days following the end of any fiscal year during which Columbia was a Subsidiary of NiSource, NiSource shall provide a certification statement with respect to internal controls for corporate and shared services processes for such quarter, year or portion thereof to those certifying officers and employees of Columbia, which certification shall be in substantially the same form as had been provided by officers or employees of NiSource in certifications delivered to its principal executive officer, principal financial officer and controller prior to the Distribution Date (provided that such certification shall be made by NiSource rather than individual officers or employees), or as otherwise agreed upon between the parties hereto. Such certification statements shall also reflect any changes in certification statements necessitated by the transactions contemplated by this Agreement.

ARTICLE X MISCELLANEOUS

SECTION 10.1 Entire Agreement. This Agreement and the Transaction Agreements, including the Schedules and Exhibits referred to herein and therein, and the documents delivered pursuant hereto and thereto, contain the entire understanding of the parties hereto with regard to the subject matter contained herein or therein, and supersede all prior agreements, negotiations, discussions, understandings, writings and commitments between any of the NiSource Parties, on the one hand, and any of the Columbia Parties, on the other hand, with respect to such subject matter hereof or thereof.

SECTION 10.2 Dispute Resolution; Mediation.

(a) Subject to Section 10.2(c) and except as otherwise expressly set forth in any Transaction Agreement, either party hereto seeking resolution of any dispute, controversy or claim arising out of or relating to this Agreement, or the validity, interpretation, breach or termination of this Agreement (each, a “**Dispute**”), shall provide written notice thereof to the other party hereto, and following delivery of such notice, the parties hereto shall attempt in good faith to negotiate a resolution of the Dispute. The negotiations shall be conducted by executives who have authority to settle the Dispute and who are at a higher level of management than the persons with direct responsibility for the subject matter of the Dispute. All such negotiations shall be confidential and shall be treated as compromise and settlement negotiations for purposes of applicable rules of evidence. If the parties hereto are unable for any reason to resolve a Dispute within 30 days after the delivery of such notice or if a party hereto reasonably concludes that the other party is not willing to negotiate as contemplated by this Section 10.2(a), the Dispute shall be submitted to mediation in accordance with Section 10.2(b).

(b) Any Dispute not resolved pursuant to Section 10.2(a) shall, at the written request of any party hereto (a “**Mediation Request**”), be submitted to non-binding mediation in accordance with the then current International Institute for Conflict Prevention and Resolution (“**CPR**”) Mediation Procedure (the “**Procedure**”), except as modified herein. The mediation shall be held in Chicago, Illinois. The parties shall have 20 days from receipt by a party (or parties) of a Mediation Request to agree on a mediator. If no mediator has been agreed upon by the parties within 20 days of receipt by a party (or parties) of a Mediation Request, then any party may request (on written notice to the other party), that CPR appoint a mediator in accordance with the Procedure. All mediation pursuant to this clause shall be confidential and shall be treated as compromise and settlement negotiations for purposes of applicable rules of evidence, and no oral or documentary representations made by the parties during such mediation shall be admissible for any purpose in any subsequent proceedings. No party hereto shall disclose or permit the disclosure of any information about the evidence adduced or the documents produced by any other party in the mediation proceedings or about the existence, contents or results of the mediation without the prior written consent of such other party except in the course of a judicial or regulatory proceeding or as may be required by Law or requested by a Governmental Authority or securities exchange. Before making any disclosure permitted by the preceding sentence, the party intending to make such disclosure shall, to the extent reasonably practicable, give the other party reasonable written notice of the intended disclosure and afford the other party a reasonable opportunity to protect its interests. If the Dispute has not been resolved within 60 days of the appointment of a mediator, or within 90 days after receipt by a party (or parties) of a Mediation Request (whichever occurs sooner), or within such longer period as the parties may agree to in writing, then any party may file an action on the Dispute in any court having jurisdiction in accordance with Section 10.4.

(c) Notwithstanding the foregoing provisions of this Section 10.2, (i) any party hereto may seek preliminary provisional or injunctive judicial relief without first complying with the procedures set forth in Section 10.2(a) and Section 10.2(b) if such action is reasonably necessary to avoid irreparable damage and (ii) either party hereto may initiate litigation before the expiration of the periods specified in Section 10.2(b) if such party has submitted a Mediation Request and the other party has failed, within 14 days after the appointment of a mediator, to

agree upon a date for the first mediation session to take place within 30 days after the appointment of such mediator or such longer period as the parties may agree to in writing. The parties hereto agree that the remedies at law for any breach or threatened breach, including monetary damages, may be inadequate compensation for any loss and that any defense in any action for specific performance that a remedy at law would be adequate is waived by each of the parties hereto. Any requirements for the securing or posting of any bond with such remedy are waived by each of the parties hereto.

SECTION 10.3 Governing Law. This Agreement and all Disputes shall be governed by and construed in accordance with the internal Laws (as opposed to the conflicts of Law provisions) of the State of Delaware.

SECTION 10.4 Submission to Jurisdiction; Waiver of Jury Trial. Each of NiSource, on behalf of itself and each of the NiSource Parties, and Columbia, on behalf of itself and each of the Columbia Parties, hereby irrevocably (a) submits in any Dispute to the exclusive jurisdiction of the United States District Court for the Northern District of Illinois and the jurisdiction of any court of the State of Illinois located in Chicago, Illinois, (b) waives any and all objections to jurisdiction that it may have under the Laws of the State of Illinois or the United States, (c) agrees that service of any process, summons, notice or document by U.S. registered mail to its respective address set forth in Section 10.11 shall be effective service of process for any litigation brought against it in any such court and (d) UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO TRIAL BY JURY IN CONNECTION WITH ANY DISPUTE (AS DEFINED HEREIN).

SECTION 10.5 Amendment. This Agreement shall not be amended, modified or supplemented except by a written instrument signed by an authorized representative of each of NiSource and Columbia.

SECTION 10.6 Waiver. Any term or provision of this Agreement may be waived, or the time for its performance may be extended, by the party or parties entitled to the benefit thereof. Any such waiver shall be validly and sufficiently given for the purposes of this Agreement if, as to either party, it is in writing signed by an authorized representative of such party. The failure of either party to enforce at any time any provision of this Agreement shall not be construed to be a waiver of such provision, or in any way to affect the validity of this Agreement or any part hereof or the right of any party thereafter to enforce each and every such provision. No waiver of any breach of this Agreement shall be held to constitute a waiver of any other or subsequent breach.

SECTION 10.7 Partial Invalidity. Wherever possible, each provision hereof shall be construed in a manner as to be effective and valid under applicable Law, but in case any one or more of the provisions contained herein shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such provision shall be ineffective to the extent, but only to the extent of such invalidity, illegality or unenforceability without invalidating the remainder of such invalid, illegal or unenforceable provision or provisions or any other provision hereof, unless such a construction would be unreasonable.

SECTION 10.8 Execution in Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original instrument, but both of which shall be considered one and the same agreement, and shall become binding when the counterparts have been signed by and delivered to each of the parties hereto. Delivery of an executed counterpart of a signature page to this Agreement by facsimile or pdf shall be as effective as delivery of a manually executed counterpart to this Agreement.

SECTION 10.9 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their successors and permitted assigns; provided, however, that the rights and obligations of either party under this Agreement shall not be assignable by such party without the prior written consent of the other party. The successors and permitted assigns hereunder shall include any permitted assignee as well as the successors in interest to such permitted assignee (whether by merger, liquidation (including successive mergers or liquidations) or otherwise).

SECTION 10.10 Third-Party Beneficiaries. Except for Article VIII, Section 9.10 and Section 10.16, this Agreement is solely for the benefit of the parties hereto and their respective successors and permitted assigns, and nothing herein express or implied shall give or be construed to give to any other Person any legal or equitable rights hereunder.

SECTION 10.11 Notices. All notices, requests, claims, demands and other communications required or permitted hereunder shall be in writing and shall be deemed given or delivered (a) when delivered personally, (b) if transmitted by facsimile when confirmation of transmission is received, (c) if sent by electronic transmission when confirmation that the recipient has read the transmission (*e.g.* , a “read receipt”) is received, (d) if sent by registered or certified mail, postage prepaid, return receipt requested, on the third business day after mailing or (e) if sent by nationally recognized overnight courier, on the first business day following the date of dispatch; and shall be addressed as follows:

If to NiSource prior to the Effective Time, to:

NiSource Inc.
801 East 86th Avenue
Merrillville, IN 46410
Attention: General Counsel
Facsimile:
Email:

If to Columbia, to:

Columbia Pipeline Group, Inc.
5151 San Felipe Street, Suite 2500
Houston, Texas 77056
Attention: General Counsel
Facsimile:
Email:

or to such other address as such party may indicate by a notice delivered to the other party in accordance herewith.

SECTION 10.12 Performance. NiSource will cause to be performed and hereby guarantees the performance of all actions, agreements and obligations set forth herein to be performed by any NiSource Party. Columbia will cause to be performed and hereby guarantees the performance of all actions, agreements and obligations set forth herein to be performed by any Columbia Party. This Agreement is being entered into by NiSource and Columbia on behalf of themselves and the members of their respective groups (the NiSource Parties and the Columbia Parties). This Agreement shall constitute a direct obligation of each such entity and shall be deemed to have been readopted and affirmed on behalf of any Person that becomes a Subsidiary of NiSource or Columbia on and after the Effective Time.

SECTION 10.13 Force Majeure. No party hereto shall be deemed in default of this Agreement to the extent that any delay or failure in the performance of its obligations under this Agreement results from any cause beyond its reasonable control and without its fault or negligence, including acts of God, acts of civil or military authority, embargoes, acts of terrorism, epidemics, war, riots, insurrections, fires, explosions, earthquakes, floods, unusually severe weather conditions, labor problems or unavailability of parts, or, in the case of computer systems, any failure in electrical or air conditioning equipment. In the event of any such excused delay, the time for performance shall be extended for a period equal to the time lost by reason of the delay. A party claiming the benefit of this provision shall, as soon as reasonably practicable after the occurrence of any such event, (a) notify the other party of the nature and extent of any such force majeure condition and (b) use due diligence to remove any such causes and resume performance under this Agreement as soon as reasonably feasible.

SECTION 10.14 No Public Announcement. Neither party hereto shall, without the prior written approval of the other party, make any press release or other public announcement concerning the transactions contemplated by this Agreement, except as and to the extent that any such party shall be so obligated by Law or the rules of any regulatory body or stock exchange, in which case the other party shall be advised and the parties shall use their respective commercially reasonable efforts to cause a mutually agreeable release or announcement to be issued; provided, however, that the foregoing shall not preclude communications or disclosures necessary to implement the provisions of this Agreement or to comply with the accounting and SEC disclosure obligations or the rules of any stock exchange.

SECTION 10.15 Termination. Notwithstanding anything to the contrary contained herein, this Agreement may be terminated and the Distribution abandoned at any time prior to

the Effective Time by and in the sole discretion of the NiSource Board without the prior approval of any Person, including Columbia. In the event of such termination, this Agreement shall forthwith become void, and no party shall have any liability to any Person by reason of this Agreement. After the Effective Time, this Agreement may not be terminated except by an agreement in writing signed by each of the parties hereto.

SECTION 10.16 Limited Liability. Notwithstanding any other provision of this Agreement, no individual who is a stockholder or Representative of Columbia or NiSource, in such individual's capacity as such, shall have any liability in respect of or relating to the covenants or obligations of Columbia or NiSource, as applicable, under this Agreement or any Transaction Agreement or in respect of any certificate delivered with respect hereto or thereto, and, to the fullest extent legally permissible, each of Columbia and NiSource, for itself and its stockholders, directors, employees, officers and Affiliates, waives and agrees not to seek to assert or enforce any such liability that any such individual otherwise might have pursuant to applicable Law.

SECTION 10.17 Survival. Except as otherwise expressly provided herein, all covenants, conditions and agreements of the parties hereto contained in this Agreement shall remain in full force and effect and shall survive the Distribution Date.

SECTION 10.18 Authority. NiSource represents on behalf of itself and on behalf of the other NiSource Parties, and Columbia represents on behalf of itself and on behalf of the other NiSource Parties, as follows:

(a) each such Person has the requisite corporate power and authority and has taken all corporate action necessary in order to execute, deliver and perform this Agreement and each Transaction Agreement to which it is a party and to consummate the transactions contemplated hereby and thereby; and

(b) this Agreement and each Transaction Agreement to which it is a party has been duly executed and delivered by it and constitutes a valid and binding agreement of it enforceable in accordance with the terms thereof.

* * * * *

IN WITNESS WHEREOF , the parties hereto have caused this Agreement to be executed by their authorized representatives as of the date first above written.

NISOURCE INC.

By: /s/ Joseph Hamrock
Name: Joseph Hamrock
Title: Executive Vice President and Group CEO

COLUMBIA PIPELINE GROUP, INC.

By: /s/ Robert C. Skaggs, Jr.
Name: Robert C. Skaggs, Jr.
Title: Chief Executive Officer

TAX ALLOCATION AGREEMENT

by and between

NISOURCE INC.

and

COLUMBIA PIPELINE GROUP, INC.

Dated as of June 30, 2015

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SCHEDULES

Schedule 2.1(a) Preparation of Pre-Distribution Income Tax Returns and Straddle Period Income Tax Returns

TAX ALLOCATION AGREEMENT

This TAX ALLOCATION AGREEMENT (this “**Agreement**”) is made as of June 30, 2015, by and between NiSource Inc., a Delaware corporation (“**NiSource**”), and Columbia Pipeline Group, Inc., a Delaware corporation (“**Columbia**”), and, as of the date hereof, a wholly-owned subsidiary of NiSource. NiSource and Columbia are referred to herein as “**Parties**” or each individually as a “**Party**.”

WHEREAS, NiSource, through the Columbia Subsidiaries (as defined herein) is engaged in the natural gas pipeline, midstream and storage business, as described more fully in the Form 10 Registration Statement (as defined herein);

WHEREAS, the board of directors of NiSource (the “**NiSource Board**”) has determined that it would be advisable and in the best interests of NiSource and its stockholders for NiSource to transfer to Columbia the Assets Transferred to Columbia (as defined herein), as further described in the Separation and Distribution Agreement by and between NiSource and Columbia (the “**Separation and Distribution Agreement**”), dated June 30, 2015;

WHEREAS, the board of directors of Columbia has determined that it would be advisable and in the best interests of Columbia and its stockholders for Columbia to transfer to NiSource the Assets Transferred to NiSource (as defined herein), as further defined in the Separation and Distribution Agreement;

WHEREAS, the NiSource Board has determined that it would be advisable and in the best interests of NiSource and its stockholders for NiSource to distribute on a *pro rata* basis to the holders of shares of NiSource’ common stock, par value \$0.01 per share (“**NiSource Shares**”), without any consideration being paid by the holders of such NiSource Shares, all of the outstanding shares of Columbia common stock, par value \$0.01 per share (“**Columbia Shares**”), owned by NiSource as of the Distribution Date (as defined herein);

WHEREAS, for federal income tax purposes, the Distribution (as defined herein) is intended to qualify for tax-free treatment under Section 355 of the Internal Revenue Code of 1986, as amended (the “**Code**”);

WHEREAS, it is the intention of the parties hereto that the Distribution qualify as tax-free to NiSource under Section 361(c) of the Code and that, except for cash received in lieu of any fractional Columbia Shares, the Distribution qualify as tax-free to NiSource stockholders under Section 355(a) of the Code; and

WHEREAS, in connection with the Distribution, the Parties desire to set forth their agreement with respect to tax matters for taxable periods prior to and including the Distribution Date, in line with the following: (i) Columbia is responsible for and shall pay all taxes attributable to the Columbia Business and will indemnify NiSource for these taxes, (ii) NiSource is responsible for and shall pay all taxes to the extent such taxes are not attributable to the Columbia Business and will indemnify Columbia for these taxes, (iii) the Parties will cooperate to efficiently settle Audits (as defined herein), (iv) the Parties are restricted from taking certain actions that could cause the Distribution or certain internal transactions undertaken in anticipation of the Distribution to fail to qualify for tax-free or tax-favored treatment, and each

Party will be responsible for any taxes imposed as a result of the failure of the Distribution or the internal transactions to qualify for tax-favored treatment under the Code if such failure is attributable to certain post-distribution actions taken by that Party or in respect of that Party's shareholders, and (v) the Parties will cooperate fully and share information with respect to the tax matters covered herein.

NOW, THEREFORE, in consideration of the foregoing and the terms, conditions, covenants and provisions of this Agreement, each of the Parties mutually covenants and agrees as follows:

ARTICLE I

DEFINITIONS AND INTERPRETATION

SECTION 1.1 Definitions. As used in this Agreement, the following terms shall have the following meanings:

“ **Active Business** ” means the Controlled Business as defined in the Tax Opinions as it existed on the Distribution Date.

“ **Active Business Entity** ” means each of the entities conducting all or any part of the Active Business; provided, however, the following entities shall not be Active Business Entities: (i) Millennium Pipeline Company, L.L.C. and (ii) Hardy Storage Company, LLC.

“ **Affiliate** ” has the meaning set forth in Section 1.1 of the Separation and Distribution Agreement.

“ **Agreement** ” has the meaning set forth in the first paragraph of this Agreement.

“ **Assets Transferred to Columbia** ” has the meaning set forth in Section 1.1 of the Separation and Distribution Agreement.

“ **Assets Transferred to NiSource** ” has the meaning set forth in Section 1.1 of the Separation and Distribution Agreement.

“ **Audit** ” means any audit (including a determination of the status of qualified and non-qualified employee benefit plans), assessment of Taxes, other examination by or on behalf of any Taxing Authority (including notices), proceeding, or appeal of such a proceeding relating to Taxes, whether administrative or judicial, including proceedings relating to competent authority determinations initiated by a Party or any of its Subsidiaries.

“ **Business Day** ” means any day other than a Saturday, Sunday or a day on which banks are required to be closed in Chicago, Illinois.

“ **Challenging Party** ” has the meaning set forth in Section 9.2(d).

“ **Claiming Party** ” has the meaning set forth in Section 4.1(b).

“ **Code** ” has the meaning set forth in the recitals to this Agreement.

“ **Columbia** ” has the meaning set forth in the first paragraph of this Agreement.

“ **Columbia Allocable Audit Portion** ” means the amount of any additional Taxes due and payable that are attributable to a Pre-Distribution Tax Period or the portion of a Straddle Tax Period ending on the Distribution Date that are not reported on a Tax Return filed for such Pre-Distribution Tax Period or Straddle Tax Period to the extent such Taxes are attributable to any Columbia Party. The determination of the amount of Taxes due and payable that are attributable to the Columbia-NiSource Entities included in a consolidated, combined, unitary or other group shall be calculated, consistent with past practice, on a “pro rata” basis according to the separate return liabilities of each of the Columbia-NiSource Entities, as determined by taking into account solely the Tax Attributes of such Columbia-NiSource Entities, relative to the amounts (if any) of the separate return liabilities of all members of the relevant group.

“ **Columbia Allocable Portion** ” means, with respect to a Tax Return filed after the Distribution Date for either a Pre-Distribution Tax Period or Straddle Tax Period, the positive amount (if any) of Taxes due and payable, after taking into account all prior payments, including estimated payments, for such Pre-Distribution Tax Period or Straddle Tax Period attributable to any Columbia Party. The determination of the amount of Taxes due and payable that are attributable to the Columbia-NiSource Entities included in a consolidated, combined, unitary or other group for a given Tax Return shall be calculated, consistent with past practice, on a “pro rata” basis according to the separate return liabilities of the Columbia-NiSource Entities, as determined by taking into account solely the Tax Attributes of such Columbia-NiSource Entities, relative to the amounts (if any) of the separate return liabilities of all members of the relevant group.

“ **Columbia Business** ” has the meaning set forth in Section 1.1 of the Separation and Distribution Agreement.

“ **Columbia-NiSource Entities** ” mean each of the Columbia Parties that has filed or is required to file, with respect to itself, its predecessor or any of its assets, any Tax Return on a consolidated, combined, unitary, group, or other basis with any NiSource Party.

“ **Columbia Non-Separated Issue** ” has the meaning set forth in Section 9.2(b)(iii)(1).

“ **Columbia OpCo** ” means CPG OpCo LP, a Delaware limited partnership.

“ **Columbia Parties** ” has the meaning set forth in Section 1.1 of the Separation and Distribution Agreement.

“ **Columbia Separated Issue** ” has the meaning set forth in Section 9.2(b)(ii)(2) of this Agreement.

“ **Columbia Shares** ” has the meaning set forth in the recitals to this Agreement.

“ **Columbia Subsidiaries** ” has the meaning set forth in Section 1.1 of the Separation and Distribution Agreement.

“ **Columbia Tainting Act** ” has the meaning set forth in Section 5.1(a).

“ **Correlative Adjustment** ” means a disallowance of an item of deduction, loss or credit (or an increase of an item of income or gain) attributable to a Party or that Party’s Subsidiaries, that is included in a Tax Return for a Pre-Distribution Tax Period or the portion of a Straddle Tax Period ending on the Distribution Date, and that directly results in a correlative increase of an item of deduction, loss or credit (or reduction of an item of income or gain) with respect to another Party or that Party’s Subsidiaries with respect to a Tax Return for a Pre-Distribution Tax Period or the portion of a Straddle Tax Period ending on the Distribution Date .

“ **Correlative Detriment** ” has the meaning set forth in Section 4.1(b).

“ **CPR** ” has the meaning set forth in Section 12.2(b).

“ **Dispute** ” has the meaning set forth in Section 12.2(a).

“ **Distribution** ” has the meaning set forth in Section 3.2 of the Separation and Distribution Agreement.

“ **Distribution Date** ” has the meaning set forth in Section 1.1 of the Separation and Distribution Agreement.

“ **Distribution Taxes** ” mean any and all Taxes (a) required to be paid by or imposed on a Party or any of its Subsidiaries resulting from, or directly arising in connection with, the failure of the stock distributed in the Distribution to constitute “qualified property” for purposes of Sections 355(d), 355(e) or 361(c) of the Code (or any corresponding provision of the Laws of other jurisdictions); or (b) required to be paid by or imposed on a Party or any of its Subsidiaries resulting from, or directly arising in connection with, the failure of any transaction undertaken in connection with or pursuant to the Distribution to qualify for Tax-Free Status, in whole or in part.

“ **Distribution Tax-Related Losses** ” shall mean (a) all Distribution Taxes imposed pursuant to any Final Determination; (b) all reasonable accounting, legal and other professional fees and court costs incurred in connection with such Distribution Taxes; and (c) all reasonable costs and expenses and all damages associated with shareholder litigation or controversies and any amount paid by any of the NiSource Parties or the Columbia Parties in respect of the liability of shareholders, whether paid to or on behalf of a shareholder or to the IRS or any other Taxing Authority, in each case, resulting from the failure of the Distribution or any other transaction contemplated by the Tax Opinions to have Tax-Free Status.

“ **Due Date** ” means the date (taking into account all valid extensions) upon which a Tax Return is required to be filed with or Taxes are required to be paid to a Taxing Authority, whichever is applicable.

“ **Effective Time** ” has the meaning set forth in Section 3.2 of the Separation and Distribution Agreement.

“**Employee Matters Agreement**” means the Employee Matters Agreement by and between NiSource and Columbia, dated as of the date hereof.

“**Estimated Tax Return**” has the meaning set forth in Section 2.1(c)(iv).

“**Final Amount**” has the meaning set forth in Section 9.2(d).

“**Final Determination**” means the final resolution of liability for any Tax for any taxable period, by or as a result of:

- (a) a final decision, judgment, decree or other order by any court of competent jurisdiction that can no longer be appealed;
- (b) a final settlement with the IRS, a closing agreement or accepted offer in compromise under Section 7121 or 7122 of the Code, or a comparable agreement under the Laws of other jurisdictions, which resolves the liability for the Taxes addressed in such agreement for any taxable period;
- (c) any allowance of a refund or credit in respect of an overpayment of Tax, but only after the expiration of all periods during which such refund may be recovered by the jurisdiction imposing the Tax; or
- (d) any other final disposition, including by reason of the expiration of the applicable statute of limitations.

“**Form 10 Registration Statement**” has the meaning set forth in Section 1.1 of the Separation and Distribution Agreement.

“**Income Taxes**” mean:

- (a) all Taxes based upon, measured by, or calculated with respect to (i) net income or profits (including, any capital gains, minimum tax or any Tax on items of tax preference, but not including sales, use, real, or personal property, gross or net receipts, value added, excise, leasing, transfer or similar Taxes), or (ii) multiple bases (including corporate franchise, doing business and occupation Taxes) if one or more bases upon which such Tax is determined is described in clause (a)(i) above; and
- (b) any related interest and any penalties, additions to such Tax or additional amounts imposed with respect thereto by any Taxing Authority.

“**Income Tax Returns**” mean all Tax Returns that relate to Income Taxes.

“**Indemnified Party**” means the Party which is or may be entitled pursuant to this Agreement to receive any payments (including reimbursement for Taxes or costs and expenses) from another Party.

“ **Indemnifying Party** ” means the Party which is or may be required pursuant to this Agreement to make indemnification or other payments (including reimbursement for Taxes or costs and expenses) to another Party.

“ **Initial Amount** ” has the meaning set forth in Section 9.2(d).

“ **IRS** ” means the United States Internal Revenue Service or any successor thereto, including its agents, representatives, and attorneys.

“ **Law** ” means any U.S. or non-U.S. federal, national, supranational, state, provincial, local or similar statute, law, ordinance, regulation, rule, code, administrative pronouncement, order, requirement or rule of law (including common law), or any U.S. Income Tax treaty.

“ **Mediation Request** ” has the meaning set forth in Section 12.2(b).

“ **MLP** ” means Columbia Pipeline Partners LP, a Delaware limited partnership.

“ **MLP GP** ” means CPP GP LLC, a Delaware limited liability company.

“ **NiSource** ” has the meaning set forth in the first paragraph of this Agreement.

“ **NiSource Board** ” has the meaning set forth in the recitals to this Agreement.

“ **NiSource Non-Separated Issue** ” has the meaning set forth in Section 9.2(b)(iii)(2).

“ **NiSource Parties** ” has the meaning set forth in Section 1.1 of the Separation and Distribution Agreement.

“ **NiSource Separated Issue** ” has the meaning set forth in Section 9.2(b)(ii)(3).

“ **NiSource Shares** ” has the meaning set forth in the recitals to this Agreement.

“ **NiSource Tainting Act** ” has the meaning set forth in Section 5.1(a).

“ **Non-Challenging Party** ” has the meaning set forth in Section 9.2(d).

“ **Non-Challenging Party’s Benefit** ” has the meaning set forth in Section 9.2(d).

“ **Non-Income Tax Returns** ” mean all Tax Returns other than Income Tax Returns.

“ **OpCo GP** ” means CPG OpCo GP LLC, a Delaware limited liability company.

“ **Party** ” has the meaning set forth in the first paragraph of this Agreement.

“ **Person** ” has the meaning set forth in Section 1.1 of the Separation and Distribution Agreement.

“ **Post-Distribution Income Tax Returns** ” mean, collectively, all Income Tax Returns required to be filed by a Party or any of its Subsidiaries for a Post-Distribution Tax Period.

“ **Post-Distribution Ruling** ” has the meaning set forth in Section 5.5(e).

“ **Post-Distribution Tax Period** ” means a Tax year beginning after the Distribution Date.

“ **Pre-Distribution Income Tax Returns** ” mean, collectively, all Income Tax Returns required to be filed by a Party or any of its Subsidiaries for a Pre-Distribution Tax Period.

“ **Pre-Distribution Tax Period** ” means a Tax year ending on or before the Distribution Date.

“ **Pre-Distribution U.S. Income Tax Audit** ” means any Audit of any U.S. federal, state, or local Income Tax Return filed, or allegedly required to be filed, for any Pre-Distribution Tax Period or Straddle Tax Period which includes a Columbia-NiSource Entity.

“ **Preparing Party** ” has the meaning set forth in Section 2.1(a).

“ **Prime Rate** ” has the meaning set forth in Section 1.1 of the Separation and Distribution Agreement.

“ **Procedure** ” has the meaning set forth in Section 12.2(b).

“ **Proposed Acquisition Transaction** ” means a transaction or Series of Transactions (or any agreement, understanding, arrangement, or substantial negotiations within the meaning of Section 355(e) of the Code and the Treasury Regulations promulgated thereunder, to enter into a transaction or Series of Transactions), as a result of which any Person or any group of Persons would (directly or indirectly) acquire, or have the right to acquire (through an option or otherwise), any amount of Stock of Columbia, MLP GP, OpCo GP, MLP or Columbia OpCo, as the case may be, that would, when combined with any other changes in ownership of the Stock of such Person (including changes resulting from the initial public offering of the Stock of MLP), comprise more than 35 percent as of the date of such transaction (or in the case of a Series of Transactions, the date of the last transaction of such Series of Transactions) of (a) the value of all outstanding Stock of such Person, or (b) the total combined voting power of all outstanding Stock of such Person. For purposes of this definition, (i) a Person shall include any Successor thereto, (ii) in determining whether a transaction constitutes an indirect acquisition for purposes of the first sentence of this definition, any redemption, repurchase, recapitalization or other similar action resulting in an increase in the relative value or voting power of the Stock owned by the continuing owners of the Stock of a Person shall be treated as an indirect acquisition by such continuing owners, and (iii) an acquisition of Stock of a Person shall be treated as an indirect acquisition of a proportionate part of any Stock of another Person that is directly or indirectly owned by the first Person. This definition and the application thereof is intended to monitor compliance with Section 355(e) of the Code and the Treasury Regulations promulgated thereunder and shall be interpreted accordingly by the Parties in good faith.

“ **Qualified Tax Counsel** ” means any law firm or accounting firm of national reputation approved by NiSource or Columbia, as appropriate, which approval shall not be unreasonably withheld.

“ **Refund** ” means any refund of Taxes (including any overpayment of Taxes that can be refunded or, alternatively, applied to future Taxes payable), including any interest paid on or with respect to such refund of Taxes; provided, however, the amount of the refund of Taxes shall be net of any Taxes imposed by any Taxing Authority on the receipt or accrual of the right to the refund.

“ **Relative Values** ” means the relative equity values of NiSource and Columbia determined in accordance with the following: (a) for NiSource, such value shall be determined by multiplying (i) the average value of the NiSource Shares for the three business days following the Distribution Date, computed for each day by averaging the intraday high and intraday low trading price, by (ii) the total number of NiSource Shares outstanding on such date, and (b) for Columbia, such value shall be determined by multiplying (i) the average value of the Columbia Shares for the three business days following the Distribution Date, computed for each day by averaging the intraday high and intraday low trading price, by (ii) the total number of Columbia Shares outstanding on such date.

“ **Restricted Action** ” means any one or more of the actions described in Section 5.4(a) through (i), without regard to the exceptions described in Section 5.5.

“ **Restricted Period** ” means the period beginning at the Effective Time and ending on the two-year anniversary of the day after the Distribution Date.

“ **Separation and Distribution Agreement** ” has the meaning set forth in the recitals to this Agreement.

“ **Series of Transactions** ” means a “series of related transactions” for purposes of Section 355(e) of the Code.

“ **Sidley** ” means Sidley Austin LLP.

“ **Stock** ” means stock, membership interests, partnership interests or other equity interests (including any options, warrants and other rights to acquire the foregoing or any other instruments properly treated as equity for U.S. federal income tax purposes) in a corporation, limited liability company, partnership or other entity or organization.

“ **Straddle Period Income Tax Returns** ” mean, collectively, all Income Tax Returns required to be filed by a Party or any of its Subsidiaries for a Straddle Tax Period.

“ **Straddle Tax Period** ” means a Tax year beginning on or before the Distribution Date and ending after the Distribution Date.

“ **Subsidiary** ” has the meaning set forth in Section 1.1 of the Separation and Distribution Agreement.

“ **Successor** ” means any “successor” of NiSource or Columbia for any purpose under Section 355(e) of the Code.

“ **Tainting Act** ” has the meaning set forth in Section 5.3.

“**Tax**” or “**Taxes**” whether used in the form of a noun or adjective, means taxes on or measured by income, franchise, gross receipts, sales, use, excise, payroll, personal property, real property, ad-valorem, value-added, leasing, leasing use, unclaimed property or other taxes, levies, imposts, duties, charges, or withholdings of any nature. Whenever the term “Tax” or “Taxes” is used it shall include penalties, fines, additions to tax and interest thereon.

“**Tax Attributes**” mean for U.S. federal, state, local, and non-U.S. Income Tax purposes, earnings and profits, tax basis, net operating and capital loss carryovers or carrybacks, alternative minimum Tax credit carryovers or carrybacks, general business credit carryovers or carrybacks, income tax credits or credits against income tax, disqualified interest and excess limitation carryovers or carrybacks, overall foreign losses, research and experimentation credit base periods, and all other items that are determined or computed on an affiliated group basis (as defined in Section 1504(a) of the Code determined without regard to the exclusion contained in Section 1504(b)(3) of the Code), or similar Tax items determined under applicable Tax law.

“**Tax Benefit**” means the reduction in Taxes resulting from the payment or obligation to make a payment by a Party (or its Subsidiaries) of amounts that are indemnified by the other Party under this Agreement or the Separation and Distribution Agreement.

“**Tax-Free Status**” means the qualification of the transactions undertaken in connection with or pursuant to the Distribution as transactions in which gain or loss is not recognized by, in whole or in part, and no amount is included in income of, any Party or shareholder of a Party for U.S. federal, state, and local income tax purposes (other than intercompany items, excess loss accounts or other items required to be taken into account pursuant to Treasury Regulations promulgated under Section 1502 of the Code, or with respect to amounts received in lieu of the receipt of fractional shares).

“**Tax Opinions**” mean those certain Tax opinions and supporting memoranda rendered by Sidley to NiSource or any of its Subsidiaries in connection with the transactions undertaken in connection with or pursuant to the Distribution.

“**Tax Package**” means:

- (a) a pro forma Tax Return relating to the operations of any Party that is required to be included in an Income Tax Return that is required to be filed by the other Party; and
- (b) all information reasonably necessary to prepare and file such pro forma Tax Return consistent with past practices.

“**Tax Representation Letters**” means any written document issued by NiSource, Columbia or any of their Subsidiaries reflecting representations and other factual or legal matters on which Sidley has expressly relied.

“**Tax Returns**” mean any return, report, certificate, form or similar statement or document (including any related or supporting information or schedule attached thereto and any information return, amended tax return, claim for refund, or declaration of estimated Tax) required to be supplied to, or filed with, a Taxing Authority in connection with the determination, assessment or collection of any Tax or the administration of any Laws relating to any Taxes.

“**Taxing Authority**” means any governmental authority or any subdivision, agency, commission, or authority thereof or any quasi-governmental or private body having jurisdiction over the assessment, determination, collection, or imposition of any Tax (including the IRS).

“**Total Benefit**” has the meaning set forth in Section 9.2(d).

“**Transaction Agreements**” has the meaning set forth in Section 1.1 of the Separation and Distribution Agreement.

“**Treasury Regulations**” mean the final and temporary (but not proposed) income tax and administrative regulations promulgated under the Code, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

“**Unqualified Tax Opinion**” means an unqualified “will” opinion of Qualified Tax Counsel, which opinion is reasonably acceptable to NiSource, and upon which each of the Parties may rely to confirm that a transaction (or transactions) will not result in Distribution Taxes. Any such opinion must assume that transactions undertaken in connection with or pursuant to the Distribution, taken together, would have qualified for Tax-Free Status if the transaction (or transactions) in question did not occur.

“**U.S.**” means the United States.

SECTION 1.2 Interpretation .

(a) For purposes of this Agreement:

(i) the words “include,” “includes” and “including” shall be deemed to be followed by the words “without limitation;”

(ii) the word “or” is not exclusive;

(iii) the words “herein,” “hereunder,” “hereof,” “hereby,” “hereto” and words of similar import shall be deemed to be references to this Agreement as a whole and not to any particular Section or other provision hereof; and

(iv) relative to the determination of any period of time, “from” means “from and including,” “to” means “to but excluding” and “through” means “through and including.”

(b) In this Agreement, unless the context clearly indicates otherwise:

(i) words used in the singular include the plural and words used in the plural include the singular;

(ii) reference to any Person includes such Person's successors and assigns but, if applicable, only if such successors and assigns are permitted by this Agreement;

(iii) reference to any Person's "Affiliates" shall be deemed to mean such Person's Affiliates following the Distribution;

(iv) reference to any gender includes the other gender and the neutral gender;

(v) reference to any Article, Section, Exhibit or Schedule means such Article or Section of, or such Exhibit or Schedule to, this Agreement, as the case may be;

(vi) reference to any agreement, instrument or other document means such agreement, instrument or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof and by this Agreement;

(vii) reference to any Law (including statutes and ordinances) means such Law (including all rules and regulations promulgated thereunder) as amended, modified, codified or reenacted, in whole or in part, and in effect at the time of determining compliance or applicability;

(viii) accounting terms used herein shall have the meanings ascribed to them by NiSource and its Subsidiaries, including Columbia, in its and their internal accounting and financial policies and procedures in effect immediately prior to the date of this Agreement;

(ix) if there is any conflict between the provisions of this Agreement and the Separation and Distribution Agreement or any of the other Transaction Agreements, the provisions of this Agreement shall control with respect to all matters related to Taxes or Tax Returns of the NiSource Parties or the Columbia Parties unless explicitly stated otherwise herein or therein;

(x) any portion of this Agreement obligating a Party to take any action or refrain from taking any action, as the case may be, shall mean that such Party shall also be obligated to cause its relevant Subsidiaries to take such action or refrain from taking such action, as the case may be; and

(xi) all references to dollar amounts shall be in respect of lawful currency of the U.S.

(c) The titles to Articles and headings of Sections contained in this Agreement have been inserted for convenience of reference only and shall not be deemed to be a part of or to affect the meaning or interpretation of this Agreement, and this Agreement and the Transaction Agreements shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting an instrument or causing any instrument to be drafted.

(d) The Exhibits and Schedules shall be construed with and as an integral part of this Agreement to the same extent as if the same had been set forth verbatim herein.

ARTICLE II

PREPARATION AND FILING OF TAX RETURNS

SECTION 2.1 Responsibility of Parties to Prepare and File Pre-Distribution Income Tax Returns and Straddle Period Income Tax Returns .

(a) General . To the extent not previously filed and subject to the rights and obligations of each of the Parties set forth herein, Schedule 2.1(a) sets forth the Parties (each, a “**Preparing Party**”) that are responsible for preparing or causing to be prepared all Pre-Distribution Income Tax Returns and Straddle Period Income Tax Returns. Unless otherwise provided in this Agreement, the Preparing Party is responsible for the costs and expenses associated with such preparation. The Party responsible, or whose Affiliate is responsible, for filing a Pre-Distribution Income Tax Return or Straddle Period Income Tax Return under applicable Law shall timely file or cause to be timely filed such Income Tax Returns with the applicable Taxing Authority. Pre-Distribution Income Tax Returns and Straddle Period Income Tax Returns shall be prepared and filed in a manner (i) consistent with the past practice of the Parties and their Subsidiaries unless otherwise modified by a Final Determination or required by applicable Law; and (ii) consistent with (and the Parties and their Subsidiaries shall not take any position inconsistent with) the Tax Representation Letters and the Tax Opinions. No Party shall take any action inconsistent with the assumptions (including items of income, gain, deduction, loss and credit) made in determining all estimated or advance payments of Income Tax on or prior to the Distribution Date except as required by applicable Law.

(b) Tax Package . To the extent not previously provided, the Party other than the Preparing Party shall (at its own cost and expense), to the extent that a Pre-Distribution Income Tax Return or a Straddle Period Income Tax Return includes items of that Party or its Subsidiaries, prepare and provide or cause to be prepared and provided to the Preparing Party a Tax Package relating to that Pre-Distribution Income Tax Return or Straddle Period Income Tax Return. Such Tax Package shall be provided in a timely manner consistent with the past practices of the Parties and their Subsidiaries. In the event a Party does not fulfill its obligations pursuant to this Section 2.1(b), the Preparing Party shall be entitled, at the sole cost and expense of the other Party, to prepare or cause to be prepared the information required to be included in the Tax Package for purposes of preparing any such Pre-Distribution Income Tax Return or Straddle Period Income Tax Return.

(c) Procedures Relating to the Review and Filing of Pre-Distribution Income Tax Returns and Straddle Period Income Tax Returns .

(i) In the case of Pre-Distribution Income Tax Returns and Straddle Period Income Tax Returns that include Taxes for which both the Preparing Party and the other Party are liable under this Agreement, to the extent not previously filed, no later than 30 days prior to the Due Date of each such Tax Return (reduced to 15 days for state or local Pre-Distribution Income Tax Returns and Straddle Period Income Tax Returns), the Preparing Party shall make available or cause to be made available drafts of the relevant portions of such Tax Return (together with all related work papers) to the other Party. The other Party shall have access to any and all data and information necessary for the preparation of all such

Pre-Distribution Income Tax Returns and Straddle Period Income Tax Returns, and the Parties shall cooperate fully in the preparation and review of such Tax Returns. Subject to the preceding sentence, no later than 15 days after receipt of such Pre-Distribution Income Tax Returns and Straddle Period Income Tax Returns (reduced to 5 days for state or local Pre-Distribution Income Tax Returns and Straddle Period Income Tax Returns), the other Party shall have a right to object to such Pre-Distribution Income Tax Return or Straddle Period Income Tax Return (or items with respect thereto) by written notice to the Preparing Party; such written notice shall contain such disputed item (or items) and the basis for its objection.

(ii) With respect to a Pre-Distribution Income Tax Return or Straddle Period Income Tax Return made available by the Preparing Party to the other Party pursuant to Section 2.1(c)(i), if the other Party does not object by proper written notice described in Section 2.1(c)(i), such Pre-Distribution Income Tax Return or Straddle Period Income Tax Return shall be deemed to have been accepted and agreed upon, and to be final and conclusive, for purposes of this Section 2.1(c)(ii). If a Party does object by proper written notice described in Section 2.1(c)(i), the Parties shall act in good faith to resolve any such dispute as promptly as practicable; provided, however, that, notwithstanding anything to the contrary contained herein, if the Parties have not resolved the disputed item or items by 5 days prior to the Due Date of such Pre-Distribution Income Tax Return or Straddle Period Income Tax Return, such Tax Return shall be filed as prepared pursuant to this Section 2.1 (revised to reflect all initially disputed items that the Parties have agreed upon prior to such date).

(iii) In the event that a Pre-Distribution Income Tax Return or Straddle Period Income Tax Return is filed that includes any disputed item for which proper notice was given pursuant to this Section 2.1(c) that was not finally resolved and agreed upon, such disputed item (or items) shall be resolved in accordance with Section 12.2. In the event that the resolution of such disputed item (or items) in accordance with Section 12.2 with respect to a Pre-Distribution Income Tax Return or a Straddle Period Income Tax Return is inconsistent with such Pre-Distribution Income Tax Return or Straddle Period Income Tax Return as filed, the Preparing Party (with cooperation from the other Party) shall, as promptly as practicable, amend such Tax Return to properly reflect the final resolution of the disputed item (or items). In the event that the amount of Taxes shown to be due and owing on a Pre-Distribution Income Tax Return or Straddle Period Income Tax Return is adjusted as a result of a resolution pursuant to Section 12.2, proper adjustment shall be made to the amounts previously paid or required to be paid in accordance with Article III in a manner that reflects such resolution.

(iv) Notwithstanding anything to the contrary in this Section 2.1, in the case of any Income Tax Return for estimated Taxes (“Estimated Tax Return”) for a Pre-Distribution Tax Period that includes Taxes for which both the Preparing Party and the other Party are liable under this Agreement, to the extent not previously filed, as soon as practicable prior to the Due Date of each such Estimated Tax Return, the Preparing Party shall make available or cause to be made available drafts of the relevant portions of such Estimated Tax Return (together with all related work papers) to the other Party. The other Party shall have access to any and all data and information necessary for the preparation of the relevant portions of such Estimated Tax Returns, and the Parties shall cooperate fully in the preparation and review of such Estimated Tax Returns in a manner consistent with past practice. Subject to the preceding sentence, a Party shall have a right to object by written notice to the other Party (and such written notice shall contain such disputed item (or items) and the basis for the objection) and the principles of Section 2.1(c)(ii) shall apply to such Estimated Tax Return.

(v) For the avoidance of doubt, Section 2.1(c) shall only apply to Pre-Distribution Income Tax Returns and Straddle Period Income Tax Returns which could reasonably result in both Parties becoming responsible for a payment of Taxes pursuant to Article III or a payment to the other Party pursuant to Section 9.3.

SECTION 2.2 Responsibility of Parties to Prepare and File Post-Distribution Income Tax Returns and Non-Income Tax Returns. The Party or its Subsidiary responsible under applicable Law for filing a Post-Distribution Income Tax Return or a Non-Income Tax Return shall prepare and timely file or cause to be prepared and timely filed that Tax Return (at that Party's own cost and expense).

SECTION 2.3 Time of Filing Tax Returns; Manner of Tax Return Preparation. Unless otherwise required by a Taxing Authority pursuant to a Final Determination, the Parties shall prepare and file or cause to be prepared and filed all Tax Returns and take all other actions in a manner consistent with (and shall not take any position inconsistent with) the Distribution, the Tax Representation Letters and the Tax Opinions.

ARTICLE III

RESPONSIBILITY FOR PAYMENT OF TAXES

SECTION 3.1 Responsibility of NiSource for Taxes. Except as otherwise provided in this Agreement, NiSource shall be liable for and shall pay or cause to be paid the following Taxes:

(a) to the applicable Taxing Authority, any Taxes due and payable on all Pre-Distribution Income Tax Returns and Straddle Period Income Tax Returns that NiSource is required to file or cause to be filed with such Taxing Authority pursuant to Section 2.1; and

(b) to the applicable Taxing Authority, any Taxes due and payable on all Post-Distribution Income Tax Returns and Non-Income Tax Returns that NiSource is required to file or cause to be filed with such Taxing Authority pursuant to Section 2.2.

SECTION 3.2 Responsibility of Columbia for Taxes. Except as otherwise provided in this Agreement, Columbia shall be liable for and shall pay or cause to be paid the following Taxes:

(a) to the applicable Taxing Authority, any Taxes due and payable on all Pre-Distribution Income Tax Returns and Straddle Period Income Tax Returns that Columbia is required to file or cause to be filed with such Taxing Authority pursuant to Section 2.1;

(b) to the applicable Taxing Authority, any Taxes due and payable on all Post-Distribution Income Tax Returns and Non-Income Tax Returns that Columbia is required to file or cause to be filed with such Taxing Authority pursuant to Section 2.2; and

(c) to NiSource, the Columbia Allocable Portion computed with respect to the Columbia-NiSource Entities.

SECTION 3.3 Timing of Payments of Taxes. All Taxes required to be paid or caused to be paid by a Party to a Taxing Authority pursuant to this Article III shall be paid or caused to be paid by such Party on or prior to the Due Date of such Taxes. All amounts required to be paid by Columbia to NiSource pursuant to this Article III shall be paid or caused to be paid by Columbia to NiSource in accordance with Article VIII.

ARTICLE IV

REFUNDS, CARRYBACKS AND AMENDED TAX RETURNS

SECTION 4.1 Refunds.

(a) Each Party shall be entitled to Refunds that relate to Taxes for which it or any of its Subsidiaries is liable for hereunder. The determination of the amount of any Refund that is attributable to a Columbia-NiSource Entity included in a consolidated, combined, unitary or other group for a Pre-Distribution Tax Period or the portion of a Straddle Tax Period ending on the Distribution Date shall be calculated, consistent with past practice, on a “pro rata” basis, as determined by taking into account solely the Tax Attributes of such Columbia-NiSource Entity, relative to the amount of the pertinent Tax Attributes of all members of the relevant group.

(b) Notwithstanding Section 4.1(a), in the event a Party’s (or one of its Subsidiary’s) (a “**Claiming Party**”) entitlement to a Refund hereunder results in a Correlative Detriment to the other Party (or its Subsidiaries), any such Refund shall be paid to or retained by the other Party (or its Subsidiaries) that incurs such Correlative Detriment to the extent of such Correlative Detriment. A “**Correlative Detriment**” is an increase in a Tax that occurs as a result of the Tax position that is the basis for a claim for Refund or for a Final Determination. For the avoidance of doubt, a Correlative Detriment does not include an increase in Tax to the extent such increase is expected to be offset or recovered through additional deductions under Section 162 of the Code or a similar provision of Law in the current or one or more subsequent years or through additional amortization or depreciation deductions allowed under Sections 167, 168, or 197 of the Code or similar provisions of Law.

(c) Any Refund or portion thereof to which a Claiming Party is entitled pursuant to this Section 4.1 that is received or deemed to have been received as described below by the other Party (or its Subsidiaries) shall be paid by such other Party to the Claiming Party in immediately available funds in accordance with Article VIII. To the extent a Party (or its Subsidiaries) applies or causes to be applied an overpayment of Taxes as a credit toward or a reduction in Taxes otherwise payable (or a Taxing Authority requires such application in lieu of a Refund) and such Refund, if received, would have been payable by such Party to the Claiming Party pursuant to this Section 4.1, such Party shall be deemed to have actually received a Refund to the extent thereof on the date on which the overpayment is applied to reduce Taxes otherwise payable.

SECTION 4.2 Carrybacks. Each of the Parties shall be permitted (but not required) to carryback (or to cause its Subsidiaries to carryback) a Tax Attribute realized in a Post-Distribution Tax Period or a Straddle Tax Period to a Pre-Distribution Tax Period or a Straddle Tax Period only if such carryback is not reasonably expected to result in the other Party (or its Subsidiaries) being liable for additional Taxes. If a carryback could reasonably be expected to result in the other Party (or its Subsidiaries) being liable for additional Taxes, such carryback shall be permitted only if such Party consents to such carryback. Notwithstanding anything to the contrary in this Agreement, any Party that has claimed (or caused one or more of its Subsidiaries to claim) a Tax Attribute carryback shall be liable for any Taxes that become due and payable as a result of the subsequent adjustment, if any, to the carryback claim.

SECTION 4.3 Amended Tax Returns.

(a) Notwithstanding Section 2.1, NiSource shall be entitled to prepare and file amended Pre-Distribution Income Tax Returns and Straddle Period Income Tax Returns from time to time in its sole discretion. Any Columbia Party that is responsible for preparing or causing to be prepared any other Tax Return pursuant to Schedule 2.1(a) shall be permitted to prepare and file an amendment of such Tax Return; provided, however, that such amended Tax Return shall be prepared in a manner (i) consistent with past practice unless otherwise modified by a Final Determination or required by applicable Law; and (ii) consistent with (and the Parties and their Subsidiaries shall not take any position inconsistent with) the Tax Representation Letters and the Tax Opinions. Notwithstanding anything to contrary contained herein, any amended Tax Return prepared by a Columbia Party shall be permitted only if the consent of NiSource is obtained (which consent may be granted or denied in NiSource's sole discretion).

(b) A Party that is entitled (or whose Subsidiary is entitled) to file an amended Tax Return for a Post-Distribution Tax Period shall be permitted to do so without the consent of the other Party.

(c) A Party that is entitled (or whose Subsidiary is entitled) to file an amended Tax Return shall not be relieved of any liability for payments pursuant to this Agreement notwithstanding that the Party consented to the filing of such amended Tax Return giving rise to such liability.

ARTICLE V

DISTRIBUTION TAXES

SECTION 5.1 Liability for Distribution Taxes. In the event that Distribution Taxes become due and payable to a Taxing Authority pursuant to a Final Determination, then, notwithstanding anything to the contrary in this Agreement:

(a) if such Distribution Taxes are attributable to a Tainting Act of any NiSource Party or to a transaction after the Distribution Date involving the Stock of a NiSource Party (a "**NiSource Tainting Act**"), and are not also attributable to a Tainting Act of any Columbia Party or to a transaction after the Distribution Date involving the Stock of a Columbia Party (a "**Columbia Tainting Act**"), then NiSource shall be responsible for any Distribution Tax-Related Losses;

(b) if such Distribution Taxes are attributable to a Columbia Tainting Act, and are not also attributable to a NiSource Tainting Act, then Columbia shall be responsible for any Distribution Tax-Related Losses;

(c) if such Distribution Taxes are attributable to both a NiSource Tainting Act and a Columbia Tainting Act, then such Distribution Taxes shall be equitably apportioned between the Parties based upon their relative fault; provided that in the event the Parties cannot agree regarding their relative fault, the matter shall be resolved in accordance with Sections 12.2 and 12.4; and

(d) if such Distribution Taxes are not attributable to a NiSource Tainting Act or a Columbia Tainting Act, then such Distribution Taxes shall be apportioned between the Parties based upon their Relative Values.

SECTION 5.2 Payment for Use of Tax Attributes.

(a) If Columbia would have been responsible under Section 5.1 for Distribution Taxes but for the use of Tax Attributes that are attributable to any NiSource Party, then Columbia shall pay to NiSource the amount of Distribution Taxes that did not become due and payable as a result of the use of such Tax Attributes.

(b) If NiSource would have been responsible under Section 5.1 for Distribution Taxes but for the use of Tax Attributes that are attributable to any Columbia Party, then NiSource shall pay to Columbia the amount of Distribution Taxes that did not become due and payable as a result of the use of such Tax Attributes.

(c) For purposes of this Section 5.2, the amount of Distribution Taxes shall be calculated by assuming that (i) no Tax Attribute or other item of income, loss, deduction or credit applies to reduce the amount of Distribution Taxes and (ii) Distribution Taxes are determined at the highest applicable rate of Tax.

SECTION 5.3 Definition of Tainting Act. For purposes of this Agreement, a “**Tainting Act**” is any act, or failure or omission to act, by any Party (or any of its Subsidiaries) following the Distribution that results in any NiSource Party or Columbia Party being responsible for such Distribution Taxes pursuant to a Final Determination, regardless of whether such act or failure to act (i) is covered by a Post-Distribution Ruling or Unqualified Tax Opinion, or (ii) occurs during or after the Restricted Period.

SECTION 5.4 Limits on Proposed Acquisition Transactions and Other Transactions During Restricted Period. During the Restricted Period, Columbia shall not, in a single transaction or Series of Transactions:

(a) enter into, approve, or allow to occur any Proposed Acquisition Transaction;

(b) merge or consolidate with any other Person, or liquidate or partially liquidate, or approve or allow to occur any merger, consolidation, liquidation, or partial liquidation of any Active Business Entity;

(c) approve or allow to occur the discontinuance, cessation, or sale or other transfer (to an Affiliate or otherwise) of, or a material change in, the Active Business;

(d) approve or allow to occur the issuance (including to an Affiliate that is not wholly-owned, directly or indirectly, by the transferor) of any Stock or an instrument convertible into Stock in Columbia, MLP GP, OpCo GP, Columbia OpCo or MLP;

(e) sell or otherwise directly or indirectly dispose of more than 30 percent of its consolidated gross or net assets, or approve or allow the sale or other disposition (to an Affiliate or otherwise) of more than 30 percent of the Stock or the consolidated gross or net assets of any Active Business Entity (in each case, excluding sales of assets in the ordinary course of business and measured based on fair market values as of the Distribution Date);

(f) amend its certificate of incorporation (or other organizational documents), or take any other action or approve or allow to occur the taking of any action, whether through a stockholder vote or otherwise, affecting the voting rights of the owners of its Stock or the Stock of MLP GP, OpCo GP, Columbia OpCo or MLP;

(g) purchase, directly or through any Affiliate, any of its outstanding Stock after the Distribution, other than through Stock purchases meeting the requirements of Section 4.05(1)(b) of Revenue Procedure 96-30 (without regard to the effect of Revenue Procedure 2003-48 on Revenue Procedure 96-30);

(h) take any action or fail to take any action, or permit any other Columbia Party to take any action or fail to take any action, that is inconsistent with any representation made or assumption in the Tax Representation Letters, or that is inconsistent with any opinion in the Tax Opinions; or

(i) take any action or permit any other Columbia Party to take any action that, individually or in the aggregate (taking into account other transactions described in this Section 5.4 or otherwise contemplated by the Parties) would be reasonably likely to jeopardize Tax-Free Status.

SECTION 5.5 Restricted Actions: Exceptions. Notwithstanding the provisions of Section 5.4, during the Restricted Period and without prejudice to the obligations of Columbia under Section 5.1 :

(a) Columbia (or a direct or indirect, wholly-owned Subsidiary of Columbia) shall be permitted (i.e., without obtaining a Post-Distribution Ruling or an Unqualified Tax Opinion as described in clause (b) below) to dispose of Stock of MLP, MLP shall be permitted to issue Stock of MLP, Columbia OpCo shall be permitted to issue Stock of Columbia OpCo and Columbia (or a direct or indirect, wholly-owned Subsidiary of Columbia) shall be permitted to contribute or otherwise transfer Stock in Columbia OpCo to MLP during the Restricted Period, provided that following any such disposition, issuance, contribution or

other transfer (i) Columbia (or a direct or indirect, wholly-owned Subsidiary of Columbia) continues to own all of the outstanding Stock of MLP GP and MLP GP continues to serve as the sole general partner of MLP, (ii) MLP (or a direct or indirect, wholly-owned Subsidiary of MLP) continues to own all of the outstanding Stock of OpCo GP and OpCo GP continues to serve as the sole general partner of Columbia OpCo, (iii) Columbia (or a direct or indirect, wholly-owned Subsidiary of Columbia) continues to own at least 55 percent of the fair market value (as reasonably determined by NiSource) of all of the outstanding Stock of Columbia OpCo, (iv) Columbia OpCo (or a direct or indirect, wholly-owned Subsidiary of Columbia OpCo) continues to own at least 70 percent of the Stock and the consolidated gross or net assets of any Active Business Entity (in each case, excluding sales of assets in the ordinary course of business and measured based on fair market values as of the Distribution Date); and (v) Columbia OpCo, each Subsidiary (if any) through which Columbia OpCo owns an interest in an Active Business Entity, and each Active Business Entity is, and will continue, to be classified as a partnership or disregarded as an entity separate from its owner for federal income tax purposes at all relevant times during the Restricted Period.

(b) Columbia shall be permitted to issue Stock satisfying Safe Harbor VIII (relating to acquisitions in connection with a person's performance of services) or Safe Harbor IX (relating to acquisitions by a retirement plan of an employer) of Treasury Regulation Section 1.355-7(d).

(c) MLP shall be permitted to issue Stock pursuant to the Columbia Pipeline Partners LP Long-Term Incentive Plan; provided that this Section 5.5(c) shall not apply to (i) the issuance of Stock that would be "excessive" when determined by reference to the services performed or (ii) the issuance of Stock to a person who is (alone or together with a "coordinating group") a "controlling shareholder" or a "ten-percent owner" of Columbia or MLP (in each case, within the meaning of Safe Harbor VIII of Treasury Regulation Section 1.355-7(d) as applied by taking into account the status of MLP as a partnership for federal income tax purposes).

(d) Columbia shall be permitted to issue shares of its common stock, in an amount not to exceed 2% of the number of issued and outstanding common stock of Columbia on the Distribution Date, pursuant to the Columbia Dividend Reinvestment and Stock Purchase Plan.

(e) Columbia shall be permitted to take or allow any other Restricted Action not described in clauses (a) through (d) above if, prior to taking or allowing any such Restricted Action, Columbia shall (1) have received written consent from NiSource, which consent may be withheld in the sole discretion of NiSource, (2) have received a favorable private letter ruling from the IRS that confirms that such Restricted Action will not, when considered together with any other relevant transactions, result in Distribution Taxes (a "Post-Distribution Ruling"), in form and substance satisfactory to NiSource in its discretion, which discretion shall be reasonably exercised in good faith solely to ensure that the Restricted Action does not result in the imposition on either Party, or responsibility for payment by either Party, of Distribution Taxes or (3) have received an Unqualified Tax Opinion that confirms that such Restricted Action will not result in Distribution Taxes, when considered together with any other relevant transactions, in form and substance satisfactory to NiSource in its discretion,

which discretion shall be reasonably exercised in good faith solely to ensure that the Restricted Action does not result in the imposition on either Party, or responsibility for payment by either Party, of Distribution Taxes. Columbia shall provide a copy of the Post-Distribution Ruling or the Unqualified Tax Opinion described in this paragraph to NiSource as soon as practicable prior to taking or failing to take any Restricted Action. NiSource's evaluation and approval of such Post-Distribution Ruling or Unqualified Tax Opinion shall not be unreasonably withheld or delayed; provided, however, that NiSource's evaluation of such Post-Distribution Ruling or Unqualified Tax Opinion may consider, among other factors, the appropriateness of any underlying assumptions, representations, and covenants made in connection with such Post-Distribution Ruling or Unqualified Tax Opinion. Columbia shall bear all costs and expenses of securing any such Post-Distribution Ruling or Unqualified Tax Opinion and shall reimburse NiSource for all reasonable out-of-pocket costs and expenses that NiSource may incur in good faith in seeking to obtain or evaluate any such Post-Distribution Ruling or Unqualified Tax Opinion.

SECTION 5.6 Tax Representation Letters and Tax Opinions; Consistency. Each Party represents that the information and representations furnished by it (or its Subsidiaries) in or with respect to the Tax Representation Letters or the Tax Opinions are accurate and complete as of the Effective Time. Each Party covenants (1) to use its best efforts, and to cause its Subsidiaries to use their best efforts, to verify that such information and representations are accurate and complete as of the Effective Time; and (2) if, after the Effective Time, any NiSource Party or Columbia Party obtains information indicating, or otherwise becomes aware, that any such information or representations are or may be inaccurate or incomplete, to promptly inform the other Party. Except in accordance with Section 5.4 and Section 5.5, no Columbia Party shall take any action or fail to take any action, or permit any other Columbia Party to take any action or fail to take any action, that is or is reasonably likely to be inconsistent with the Tax Representation Letters or the Tax Opinions.

SECTION 5.7 Timing of Payment of Distribution Tax-Related Losses. All amounts required to be paid by one Party to the other Party pursuant to this Article V shall be paid or caused to be paid by one Party to the other Party in accordance with Article VIII.

ARTICLE VI

EMPLOYEE BENEFIT MATTERS

SECTION 6.1 Income Tax Deductions in Respect of Certain Equity Awards and Incentive Compensation.

(a) Entitlement to Deduction. For all Post-Distribution Tax Periods, solely the Party (or its Subsidiary) that currently employs the relevant individual or, if such individual is not currently employed by a Party, the Party (or its Subsidiary) that most recently employed such individual, at the time of the vesting, exercise, disqualifying disposition, payment or other relevant taxable event, as appropriate, in respect of the equity awards and other incentive compensation described in Article VI of the Employee Matters Agreement, shall be entitled to claim any Income Tax deduction arising after the Distribution Date in respect of such equity awards and other incentive compensation on its respective Tax Return.

(b) Withholding and Reporting. The Party (or its Subsidiary) that claims the deduction described in Section 6.1(a) shall be responsible for all applicable Taxes (including withholding and excise taxes) and shall satisfy, or shall cause to be satisfied, all applicable Tax reporting obligations in respect of the equity awards and other incentive compensation that gives rise to the deduction. The Parties shall cooperate (and shall cause their Subsidiaries to cooperate) so as to permit the Party (or Subsidiary thereof) claiming such deduction described in Section 6.1(a) to discharge any applicable Tax withholding and Tax reporting obligations, including the appointment of the Party claiming the deduction (or its Subsidiary) as the withholding and reporting agent if that Party (or any of its Subsidiaries) is not otherwise required or permitted to withhold and report under applicable Law.

ARTICLE VII

INDEMNIFICATION

SECTION 7.1 Indemnification Obligations of NiSource. NiSource shall indemnify each of the Columbia Parties and hold them harmless from and against:

- (a) all Taxes and other amounts for which NiSource is responsible under this Agreement; and
- (b) all Taxes and reasonable out-of-pocket costs for advisors and other expenses attributable to a breach of any representation, covenant or obligation of NiSource under this Agreement.

SECTION 7.2 Indemnification Obligations of Columbia. Columbia shall indemnify each of the NiSource Parties and hold them harmless from and against:

- (a) all Taxes and other amounts for which Columbia is responsible under this Agreement; and
- (b) all Taxes and reasonable out-of-pocket costs for advisors and other expenses attributable to a breach of any representation, covenant or obligation of Columbia under this Agreement.

ARTICLE VIII

PAYMENTS

SECTION 8.1 Payments

(a) General. Unless otherwise provided in this Agreement, in the event that an Indemnifying Party is required to make a payment to an Indemnified Party pursuant to this Agreement, the Indemnified Party shall deliver written notice of the payments to the Indemnifying Party in accordance with Section 12.11, and the Indemnifying Party shall be required to make payment to the Indemnified Party within 10 Business Days after notice of such payment is delivered to the Indemnifying Party.

(b) **Procedural Matters**. The written notice delivered to the Indemnifying Party in accordance with Section 12.11 shall show the amount due and owing together with a schedule calculating in reasonable detail such amount (and shall include the relevant portion of any relevant Tax Return, statement, bill or invoice related to Taxes, costs, expenses or other amounts due and owing). All payments required to be made by one Party to the other Party pursuant to this Section 8.1 shall be made by electronic, same day wire transfer. Payments shall be deemed made when received. If the Indemnifying Party fails to make a payment to the Indemnified Party within the time period set forth in Section 8.1(a), such Indemnifying Party shall be considered to be in breach of its covenants and obligations established in this Section 8.1 and the Indemnifying Party shall pay to the Indemnified Party (i) interest that accrues (at a rate equal to the Prime Rate) on the amount of such payment from the time that such payment was due to the Indemnified Party until the date that payment is actually made to the Indemnified Party; and (ii) any costs or expenses (other than consequential damages) incurred by the Indemnified Party to secure such payment or to satisfy the Indemnifying Party's portion of the obligation giving rise to the indemnification payment.

(c) **Right of Setoff**. It is expressly understood that an Indemnifying Party is hereby authorized to set off and apply any and all amounts required to be paid to an Indemnified Party pursuant to this Section 8.1 against any and all of the obligations of the Indemnified Party to the Indemnifying Party arising under this Section 8.1 that are then either due and payable or past due, irrespective of whether such Indemnifying Party has made any demand for payment with respect to such obligations.

SECTION 8.2 Treatment of Payments under this Agreement and the Separation and Distribution Agreement. In the absence of any change in Tax treatment under the Code or other applicable Tax Law, any payments made by a Party under this Agreement or the Separation and Distribution Agreement shall be reported for Tax purposes by the payor and the recipient as distributions or capital contributions, as appropriate, occurring immediately before the Distribution (but only to the extent the payment does not relate to a Tax allocated to the payor in accordance with Section 1552 of the Code or the regulations thereunder or Treasury Regulation Section 1.1502-33(d) (or under corresponding principles of other applicable Tax Laws)) or as payments of assumed or retained liabilities, as appropriate.

SECTION 8.3 Tax Gross Up. If, notwithstanding the manner in which payments were reported, there is an Income Tax incurred by a Party as a result of its receipt of a payment pursuant to this Agreement or the Separation and Distribution Agreement, as applicable, such payment shall be appropriately adjusted so that the amount of such payment, reduced by the amount of Income Taxes payable with respect to the receipt thereof (but taking into account all Tax Benefits resulting from the payment of such Income Taxes), shall equal the amount of the payment that the Party receiving such payment would otherwise be entitled to receive pursuant to this Agreement or the Separation and Distribution Agreement, as applicable.

SECTION 8.4 Interest or Expenses. Anything herein to the contrary notwithstanding and except as otherwise required by applicable Law, to the extent the Indemnifying Party makes a payment of interest or other expense reimbursement to the Indemnified Party under this Agreement or the Separation and Distribution Agreement, the interest payment shall be treated as an expense under Section 162 or Section 163 of the Code, as

applicable, to the Indemnifying Party (deductible to the extent provided by Law) and as income by the Indemnified Party (includible in income to the extent provided by Law). The amount of the payment of interest or other expense reimbursement shall not be adjusted under Section 8.3 to take into account any associated Tax Benefit to the Indemnifying Party or Tax detriment to the Indemnified Party.

SECTION 8.5 Payments Net of Tax Benefits. If not otherwise provided in this Agreement, the amounts payable under this Agreement or the Separation and Distribution Agreement by one Party to another Party shall be reduced by the amount of any Tax Benefit obtained by the Party receiving such payment on account of the event giving rise to such payment.

ARTICLE IX

AUDITS

SECTION 9.1 Notice. Within 10 Business Days after a Party or any of its Affiliates receives a written notice from a Taxing Authority of the existence of an Audit that may require indemnification pursuant to this Agreement, that Party shall notify the other Party of such receipt and send such notice to the other Party in accordance with Section 12.11. The failure of one Party to notify the other Party of an Audit shall not relieve such other Party of any liability or obligation that it may have under this Agreement, except to the extent that the Indemnifying Party's rights under this Agreement are materially prejudiced by such failure.

SECTION 9.2 Audit Administration.

(a) Administering Party. Subject to Sections 9.2(b) and 9.2(c):

(i) NiSource and its Subsidiaries shall administer and control all Pre-Distribution U.S. Income Tax Audits and any other Audits relating to, or that could give rise to, Distribution Taxes.

(ii) Audits other than those described in clause (a)(i) above shall be administered and controlled by the Party or Subsidiary thereof that is primarily liable under applicable Law to pay to the applicable Taxing Authority the Taxes resulting from such Audits.

(b) Administration and Control; Cooperation.

(i) Notwithstanding that NiSource shall have sole responsibility for administration and control (including settlement authority) over all Audits described in Section 9.2(a)(i), Columbia shall have the right to participate in such Audit pursuant to Section 9.2(c) and as otherwise contemplated by this Section 9.2(b), but only to the extent that such Audit relates to Taxes for which Columbia would be liable under Section 9.3(a)(i).

(ii) In the case of a Pre-Distribution U.S. Income Tax Audit involving Taxes for which each of NiSource and Columbia would be liable pursuant to Section 9.3(a) of this Agreement, the Parties agree to use reasonable best efforts to separate the issues for resolution, and to the extent such issues may be separated, the Party that would be liable for any Tax relating to a separated issue shall have sole responsibility for the administration and control (including settlement authority) of the separated issue, provided that—

(1) NiSource shall, in all events, have sole responsibility for the administration and control (including settlement authority) of any issues relating to Distribution Taxes.

(2) Columbia shall only have sole responsibility for the settlement of a separated issue if (x) the issue, as asserted by the Taxing Authority, would cause an individual payment obligation for Columbia of \$200,000 (two hundred thousand dollars) or greater (including tax, interest and penalties) under this Agreement (a “ **Columbia Separated Issue** ”) and (y) all Columbia Separated Issues and Columbia Non-Separated Issues (as defined below) would cause an aggregate payment obligation for Columbia of \$1,000,000 (one million dollars) or greater under this Agreement.

(3) NiSource shall have sole responsibility for the settlement of all separated issues, other than Columbia Separated Issues for which Columbia has sole settlement responsibility under Section 9.2(b)(ii)(2), except that NiSource shall accept or enter into a settlement of such issues at the reasonable request of Columbia unless: (x) the settlement relates to an issue the settlement of which would cause an individual payment obligation for NiSource of \$200,000 (two hundred thousand dollars) or greater (including tax, interest and penalties) (a “ **NiSource Separated Issue** ”) and (y) the settlement of all NiSource Separated Issues and NiSource Non-Separated Issues (as defined below) would cause an aggregate payment obligation for NiSource of \$1,000,000 (one million dollars) or greater.

(iii) To the extent that issues in a Pre-Distribution Income Tax Audit cannot be separated or to the extent an issue in an Audit relates to Distribution Taxes—

(1) NiSource shall not accept or enter into a settlement without the consent of Columbia (which shall not be unreasonably withheld) if: (x) the settlement relates to an issue the settlement of which would cause an individual payment obligation for Columbia of \$200,000 (two hundred thousand dollars) or greater (including tax, interest and penalties) under this Agreement (a “ **Columbia Non-Separated Issue** ”); (y) Columbia has provided NiSource with Columbia’s responses to all information document requests or similar requests from the Taxing Authority with respect to all Columbia Non-Separated Issues and (z) all Columbia Non-Separated Issues and Columbia Separated Issues would cause an aggregate payment obligation for Columbia of \$1,000,000 (one million dollars) or greater under this Agreement. In addition to the conditions above, if requested by NiSource, Columbia shall provide NiSource an opinion from Qualified Counsel concluding that Columbia more likely than not shall prevail on the Columbia Non-Separated Issues.

(2) NiSource shall accept or enter into a settlement at the reasonable request of Columbia unless: (x) the settlement relates to an issue the settlement of which would cause an individual payment obligation for NiSource of \$200,000 (two hundred thousand dollars) or greater (including tax, interest and penalties) under this Agreement (a “ **NiSource Non-Separated Issue** ”); (y) NiSource has provided Columbia with NiSource’s responses to all information document requests or similar requests from the Taxing Authority

with respect to all NiSource Non-Separated Issues and (z) the settlement of all NiSource Non-Separated Issues and NiSource Separated Issues would cause an aggregate payment obligation for NiSource of \$1,000,000 (one million dollars) or greater. In addition to the conditions above, if requested by Columbia, NiSource shall provide Columbia an opinion from Qualified Counsel concluding that NiSource more likely than not shall prevail on the NiSource Non-Separated Issues.

(c) Participation Rights; Information Sharing.

(i) The Parties shall arrange for a meeting or conference call to be held on a monthly basis (or on such other basis as the Parties may agree) in order to facilitate regular communication on the status of any Audits described in Section 9.2(a)(i). The Parties may determine from time to time to have separate special meetings to discuss significant Audit issues.

(ii) Upon the reasonable request of Columbia or NiSource, as the case may be, NiSource and its Subsidiaries or Columbia and its Subsidiaries, shall make available relevant personnel to meet with the other Party, its Subsidiaries, or its independent auditor, in order to review the status of any Audits described in Section 9.2(a)(i).

(iii) Columbia shall have access to any written documentation in the possession of any NiSource Party that pertains to Taxes for which it may be liable for any Audits described in Section 9.2(a)(i) (including any written summaries of issues that any NiSource Party has developed in the context of evaluating financial reporting matters) and NiSource shall make such documentation available to Columbia in the offices of NiSource. Such access shall be provided at such times and in such manner as the Parties agree, but no less frequently than monthly. Copies of the documentation will be made available to Columbia at its sole cost and expense.

(iv) With respect to any Audits described in Section 9.2(a)(i), Columbia's participation rights shall include the right to attend all conferences and participate in all conversations with the Taxing Authority relating to both Columbia Separated Issues and Columbia Non-Separated Issues. NiSource shall provide on a timely basis to Columbia copies of all documents, including all correspondence with the Taxing Authority, which relates to a Columbia Separated Issue or Columbia Non-Separated Issue. In addition, NiSource shall provide Columbia all submissions to the Taxing Authority which relate to a Columbia Separated Issue or a Columbia Non-Separated Issue at least 2 Business Days in advance of submitting to the Taxing Authority to allow Columbia the opportunity to review and comment on the proposed submission.

(d) Costs and Expenses. Each Party (or its Subsidiaries) shall be responsible for its own costs and expenses (including all costs and expenses of calculating Taxes and other amounts payable and any reporting obligations that arise out of an Audit, such as the reporting of any Audit adjustments to the various U.S. states) incurred with respect to an Audit; provided, however, that (i) the costs and expenses incurred with respect to an Audit relating to Distribution Taxes shall be borne by the Party or Parties ultimately responsible for such Distribution Taxes and (ii) if a Party (the "**Challenging Party**") incurs costs and expenses

related to the contest of an issue with respect to an Audit for which the other Party (the “**Non-Challenging Party**”) could be liable under this Agreement, and which the Taxing Authority has offered to settle, then the Challenging Party shall be permitted to recover from the Non-Challenging Party and the Non-Challenging Party shall pay such costs and expenses incurred by the Challenging Party to contest such issue in an amount equal to (i) the ratio of the Non-Challenging Party’s Benefit to the Total Benefit, multiplied by (ii) the costs and expenses incurred by the Challenging Party with respect to the issue; provided, however, that such amount shall not exceed the Non-Challenging Party’s Benefit (tax effected at the highest applicable Income Tax rate). For purposes of this Section 9.2(d), the “**Total Benefit**” shall be equal to excess of (i) the amount which the Taxing Authority was willing to accept in settlement of the issue (the “**Initial Amount**”) over (ii) the amount ultimately included in a Final Determination in respect to the issue (the “**Final Amount**”). For purposes of this Section 9.2(d), the “**Non-Challenging Party’s Benefit**” shall equal the excess of (but not below zero) (i) the Non-Challenging Party’s allocable portion of the Initial Amount, as determined under this Agreement over (ii) the Non-Challenging Party’s allocable portion of the Final Amount, as determined under this Agreement.

SECTION 9.3 Payment of Audit Amounts .

(a) Section 9.2(a)(i) Audits. In connection with any Final Determination with respect to an Audit described in Section 9.2(a)(i):

(i) Columbia shall be liable for and shall pay or cause to be paid to the applicable Taxing Authority or NiSource (as the case may be) an amount equal to the Columbia Allocable Audit Portion of the additional Taxes due and payable as a result of such Final Determination.

(ii) NiSource shall be liable for and shall pay or cause to be paid to the applicable Taxing Authority any remaining amount of the additional Taxes due and payable as a result of such Final Determination.

(iii) Notwithstanding the foregoing, for the avoidance of doubt, the Parties’ obligations with respect to any Distribution Taxes shall be governed by Section 5.1.

(b) Other Audits. In connection with any Final Determination with respect to an Audit other than an Audit described in Section 9.2(a)(i):

(i) NiSource shall be liable for and shall pay or cause to be paid to the applicable Taxing Authority the amount due and payable as a result of such Final Determination to the extent a NiSource Party is responsible for such amounts under applicable Law.

(ii) Columbia shall be liable for and shall pay or cause to be paid to the applicable Taxing Authority the amount due and payable as a result of such Final Determination to the extent a Columbia Party is responsible for such amounts under applicable Law.

(c) Adjustments to Refunds. Notwithstanding Section 9.3(a) or 9.3(b), if a Final Determination with respect to an Audit includes an adjustment to a Refund previously received by a Party (or its Subsidiary) in accordance with Section 4.1, such Party shall pay any Taxes that become due and payable as a result of such adjustment.

(d) Payment Procedures.

(i) Preliminary Determination. In connection with any Final Determination with respect to an Audit that results in an amount to be paid pursuant to Section 9.3(a), NiSource shall, within 30 Business Days following a final resolution of such Audit, submit in writing to Columbia a preliminary determination (calculated and explained in detail reasonably sufficient to enable Columbia to fully understand the basis for such determination and to permit Columbia to satisfy its financial reporting requirements) of the portion of such amount to be paid by each of the Parties pursuant to Section 9.3(a), as applicable.

(ii) Access to Data. NiSource shall have access to all data and information necessary to calculate such amounts and Columbia shall cooperate fully in the determination of such amounts.

(iii) Objection Rights. Within 20 Business Days following the receipt by Columbia of the information described in Section 9.3(d)(i), Columbia shall have the right to object only to the calculation of the amount of the payment (but not the basis for the payment) by written notice to NiSource; such written notice shall contain such disputed item or items and the basis for the objection. If Columbia does not object by proper written notice to NiSource within such 20 day period, the calculation of the amounts due and owing from Columbia shall be deemed to have been accepted and agreed upon, and final and conclusive, for purposes of this Section 9.3(d). If Columbia objects by proper written notice to NiSource within such time period, the Parties shall act in good faith to resolve any such dispute as promptly as practicable, and if any such dispute is not resolved within 30 days, such dispute shall be deemed not to have been resolved pursuant to Section 12.2(a) and shall be resolved in accordance with Section 12.2(b). Notwithstanding any pending dispute with respect to the Columbia Allocable Audit Portion, NiSource is responsible for paying to the applicable Taxing Authority under applicable Law amounts owed pursuant to a Final Determination and shall make such payments to such Taxing Authority prior to the due date for such payments. Columbia shall reimburse NiSource in accordance with Article VIII for the portion of such payments for which Columbia is liable (including interest thereon determined pursuant to Section 8.1(b) commencing from the date NiSource made the payment described in the preceding sentence), if any, pursuant to this Section 9.3.

SECTION 9.4 Correlative Adjustments. If an Audit described in Section 9.2(a)(i) results in a Final Determination that causes a Correlative Adjustment to one Party (or its Subsidiary) and a corresponding Tax Benefit to the other Party (or its Subsidiary), such other Party shall pay, without duplication of any other amounts payable under this Agreement, the amount of the Tax Benefit to the first Party.

SECTION 9.5 Obligation to Fund Refund Litigation. In the event NiSource determines it appropriate to deposit or pay any liability asserted by a Taxing Authority in connection with an Audit of Taxes due for a Pre-Distribution Tax Period or Straddle Tax Period, Columbia shall fund the Columbia Allocable Audit Portion of such deposit or payment (determined by assuming that the amount actually paid was an amount of additional Taxes due and payable).

ARTICLE X

COOPERATION AND EXCHANGE OF INFORMATION

SECTION 10.1 General Cooperation and Exchange of Information. The Parties shall each cooperate fully (and each shall cause its respective Subsidiaries to cooperate fully) and in a timely manner (considering the other Party's normal internal processing or reporting requirements) with all reasonable requests from the other Party, or from an agent, representative, or advisor to the other Party, in connection with the preparation and filing of Tax Returns, claims for Refund, Audits, determinations of Tax Attributes and the calculation of Taxes or other amounts required to be paid hereunder, and any applicable financial reporting requirements of a Party or any Subsidiary thereof, in each case, related or attributable to or arising in connection with Taxes or Tax Attributes of either Party or Subsidiary thereof. Such cooperation shall include:

- (a) the retention until the expiration of the applicable statute of limitations or, if later, until the expiration of all relevant Tax Attributes (in each case taking into account all waivers and extensions), and the provision upon request, of copies of Tax Returns of the Parties and their respective Subsidiaries for periods up to and including the Distribution Date, books, records (including information regarding ownership and Tax basis of property), documentation, and other information relating to such Tax Returns, including accompanying schedules, related work papers, and documents relating to rulings or other determinations by Taxing Authorities;
- (b) the execution of any document that may be necessary or reasonably helpful in connection with any Audit of either of the Parties or their respective Subsidiaries, or the filing of a Tax Return or Refund claim of the Parties or any of their respective Subsidiaries (including the signature of an officer of a Party or any Subsidiary thereof);
- (c) at the other Party's sole cost and expense, the use of the Party's reasonable best efforts to obtain any documentation and provide additional data, facts, insights or views as requested by the other Party that may be necessary or reasonably helpful in connection with any of the foregoing (including any information contained in Tax or other financial information databases);
- (d) at the other Party's sole cost and expense, the use of the Party's reasonable best efforts to obtain any Tax Returns (including accompanying schedules, related work papers, and documents), documents, books, records, or other data or information that may be necessary or helpful in connection with any Tax Returns or Audits of any of the other Party or any Subsidiary thereof;

Each Party shall make its and its Subsidiaries' employees and facilities available on a reasonable and mutually convenient basis in connection with the foregoing matters. Except as explicitly provided in this Agreement, no reimbursement shall be made for costs and expenses incurred by the Parties as a result of cooperating pursuant to this Section 10.1.

SECTION 10.2 Retention of Records. Subject to Section 10.1, if either of the Parties or their respective Subsidiaries intends to dispose of any documentation (including documentation that is being retained pursuant to IRS guidelines, such as Revenue Procedure 98-25 and Revenue Procedure 97-22) relating to the Taxes of the Parties or their respective Subsidiaries for which the other Party may be responsible pursuant to the terms of this Agreement (including Tax Returns, books, records, documentation, and other information, accompanying schedules, related work papers, and documents relating to rulings or other determinations by Taxing Authorities), such Party shall or shall cause written notice to the other Party describing the documentation to be destroyed or disposed of 60 Business Days prior to taking such action. The other Party may arrange to take delivery of the documentation described in the notice at its expense during the succeeding 60 day period.

SECTION 10.3 Confidentiality. For the avoidance of doubt, to the extent applicable, the obligations imposed pursuant to the Separation and Distribution Agreement (including those specified in Section 9.8 of the Separation and Distribution Agreement) with respect to confidentiality shall apply with respect to any information relating to Tax matters.

ARTICLE XI

ALLOCATION OF TAX ATTRIBUTES AND OTHER TAX MATTERS

SECTION 11.1 Allocation of Tax Attributes. Each Party shall make its own determination as to the existence and the amount of the Tax Attributes to which it is entitled after the Effective Time; provided, however, that such determination shall be made in a manner that is (a) reasonably consistent with the past practices of the Parties; (b) in accordance with the rules prescribed by applicable Law, including the Code and the Treasury Regulations; (c) consistent with the Tax Representation Letters and the Tax Opinions; and (d) reasonably determined by the Party to minimize the aggregate cash Tax liability of the Parties for all Pre-Distribution Tax Periods and the portion of all Straddle Tax Periods ending on the Distribution Date. Each Party agrees to provide the other Party with all of the information supporting the Tax Attribute determinations made by that Party pursuant to this Section 11.1.

SECTION 11.2 Third Party Tax Indemnities and Benefits.

(a) Notwithstanding anything to the contrary in this Agreement, to the extent that pursuant to any agreement to which any Columbia Party is a party, any Columbia Party has the right to indemnification by any Person (other than any Columbia Party or NiSource Party) with respect to Taxes that arise or are attributable to a period (or portion thereof) ending on or prior to the Distribution Date, Columbia shall be responsible for such Taxes and shall be entitled to receive all Tax indemnities related thereto.

(b) Notwithstanding anything to the contrary in this Agreement, to the extent that pursuant to any agreement to which any NiSource Party is a party, any NiSource Party has the right to indemnification by any Person (other than any Columbia Party or NiSource Party) with respect to Taxes that arise or are attributable to a period (or portion thereof) ending on or prior to the Distribution Date, NiSource shall be responsible for such Taxes and shall be entitled to receive all Tax indemnities related thereto.

SECTION 11.3 Allocation of Tax Items. All determinations (whether for purposes of preparing Tax Returns or for purposes of determining a Party's responsibility for Taxes under this Agreement) regarding the allocation of Tax items between the portion of a Straddle Tax Period that ends on the Distribution Date and the portion of such Straddle Tax Period that begins the day after the Distribution Date shall be made pursuant to the principles of Treasury Regulations Section 1.1502-76(b) or of a corresponding provision under the Laws of the applicable taxing jurisdiction; provided, however, that Tax items may be ratably allocated to the extent provided by and pursuant to the principles of Treasury Regulations Section 1.1502-76(b)(2)(ii). Any such allocation of Tax items shall initially be determined by NiSource. To the extent that Columbia disagrees with such determination, the dispute shall be resolved pursuant to the provisions of Section 12.2.

ARTICLE XII

MISCELLANEOUS

SECTION 12.1 Entire Agreement; Exclusivity. This Agreement, including the Schedules and Exhibits referred to herein contains the entire understanding of the Parties with regard to the subject matter contained herein, and supersedes all prior agreements, negotiations, discussions, understandings, writings and commitments between any of the NiSource Parties, on the one hand, and any of the Columbia Parties, on the other hand, with respect to all matters related to Taxes or Tax Returns of the NiSource Parties or the Columbia Parties. Except as specifically set forth in the Separation and Distribution Agreement or any other Transaction Agreement, all matters related to Taxes or Tax Returns of any of the NiSource Parties or the Columbia Parties shall be governed exclusively by this Agreement.

SECTION 12.2 Dispute Resolution; Mediation; Specific Performance.

(a) Subject to Section 12.2(c), either Party seeking resolution of any dispute, controversy or claim arising out of or relating to this Agreement, or the validity, interpretation, breach or termination of this Agreement (each, a "**Dispute**"), shall provide written notice thereof to the other Party, and following delivery of such notice, the Parties shall attempt in good faith to negotiate a resolution of the Dispute. The negotiations shall be conducted by executives who have authority to settle the Dispute and who are at a higher level of management than the persons with direct responsibility for the subject matter of the Dispute. All such negotiations shall be confidential and shall be treated as compromise and settlement negotiations for purposes of applicable rules of evidence. If the Parties are unable for any reason to resolve a Dispute within 30 days after the delivery of such notice or if a Party reasonably concludes that the other Party is not willing to negotiate as contemplated by this Section 12.2(a), the Dispute shall be submitted to mediation in accordance with Section 12.2(b).

(b) Any Dispute not resolved pursuant to Section 12.2(a) shall, at the written request of any Party (a “ **Mediation Request** ”), be submitted to non-binding mediation in accordance with the then current International Institute for Conflict Prevention and Resolution (“ **CPR** ”) Mediation Procedure (the “ **Procedure** ”), except as modified herein. The mediation shall be held in Chicago, Illinois. The parties shall have 20 days from receipt by a party (or parties) of a Mediation Request to agree on a mediator. If no mediator has been agreed upon by the parties within 20 days of receipt by a party (or parties) of a Mediation Request, then any party may request (on written notice to the other party), that the CPR appoint a mediator in accordance with the Procedure. All mediation pursuant to this clause shall be confidential and shall be treated as compromise and settlement negotiations for purposes of applicable rules of evidence, and no oral or documentary representations made by the parties during such mediation shall be admissible for any purpose in any subsequent proceedings. No Party shall disclose or permit the disclosure of any information about the evidence adduced or the documents produced by any other party in the mediation proceedings or about the existence, contents or results of the mediation without the prior written consent of such other party except in the course of a judicial or regulatory proceeding or as may be required by Law or requested by a governmental authority or securities exchange. Before making any disclosure permitted by the preceding sentence, the party intending to make such disclosure shall, to the extent reasonably practicable, give the other party reasonable written notice of the intended disclosure and afford the other party a reasonable opportunity to protect its interests. If the Dispute has not been resolved within 60 days of the appointment of a mediator, or within 90 days after receipt by a party (or parties) of a Mediation Request (whichever occurs sooner), or within such longer period as the parties may agree to in writing, then any party may file an action on the Dispute in any court having jurisdiction in accordance with Section 12.4.

(c) Notwithstanding the foregoing provisions of this Section 12.2, (i) any party may seek preliminary provisional or injunctive judicial relief without first complying with the procedures set forth in Section 12.2(a) and Section 12.2(b) if such action is reasonably necessary to avoid irreparable damage and (ii) either party may initiate litigation before the expiration of the periods specified in Section 12.2(b) if such party has submitted a Mediation Request and the other party has failed, within 14 days after the appointment of a mediator, to agree upon a date for the first mediation session to take place within 30 days after the appointment of such mediator or such longer period as the parties may agree to in writing.

(d) From and after the Distribution, in the event of any actual or threatened default in, or breach of, any of the terms, conditions and provisions of this Agreement, the Parties agree that the Party or Parties to this Agreement who are or are to be thereby aggrieved shall have the right to specific performance and injunctive or other equitable relief of its or their rights under this Agreement, in addition to any and all other rights and remedies at law or in equity, and all such rights and remedies shall be cumulative. The Parties agree that the remedies at law for any breach or threatened breach, including monetary damages, may be inadequate compensation for any loss and that any defense in any action for specific performance that a remedy at law would be adequate is waived by each of the Parties. Any requirements for the securing or posting of any bond with such remedy are waived by each of the parties hereto.

SECTION 12.3 Governing Law. This Agreement shall be governed by and construed in accordance with the internal Laws (as opposed to the conflicts of Law provisions) of the State of Delaware.

SECTION 12.4 Submission to Jurisdiction; Waiver of Jury Trial. Each of NiSource and Columbia, on behalf of itself and each of its Affiliates, hereby irrevocably (a) submits in any Dispute to the exclusive jurisdiction of the United States District Court for the Northern District of Illinois and the jurisdiction of any court of the State of Illinois located in Chicago, Illinois, (b) waives any and all objections to jurisdiction that they may have under the Laws of the State of Illinois or the United States, (c) agrees that service of any process, summons, notice or document by U.S. registered mail to its respective address set forth in Section 12.11 shall be effective service of process for any litigation brought against it in any such court and (d) UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO TRIAL BY JURY IN CONNECTION WITH ANY DISPUTE (AS DEFINED HEREIN).

SECTION 12.5 Amendment. This Agreement shall not be amended, modified or supplemented except by a written instrument signed by an authorized representative of each of NiSource and Columbia.

SECTION 12.6 Waiver. Any term or provision of this Agreement may be waived, or the time for its performance may be extended, by the party or parties entitled to the benefit thereof. Any such waiver shall be validly and sufficiently given for the purposes of this Agreement if, as to either party, it is in writing signed by an authorized representative of such party. The failure of either party to enforce at any time any provision of this Agreement shall not be construed to be a waiver of such provision, or in any way to affect the validity of this Agreement or any part hereof or the right of any party thereafter to enforce each and every such provision. No waiver of any breach of this Agreement shall be held to constitute a waiver of any other or subsequent breach.

SECTION 12.7 Partial Invalidity. Wherever possible, each provision hereof shall be construed in a manner as to be effective and valid under applicable Law, but in case any one or more of the provisions contained herein shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such provision shall be ineffective to the extent, but only to the extent of such invalidity, illegality or unenforceability without invalidating the remainder of such invalid, illegal or unenforceable provision or provisions or any other provision hereof, unless such a construction would be unreasonable.

SECTION 12.8 Execution in Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original instrument, but both of which shall be considered one and the same agreement, and shall become binding when the counterparts have been signed by and delivered to each of the Parties. Delivery of an executed counterpart of a signature page to this Agreement by facsimile or .pdf shall be as effective as delivery of a manually executed counterpart to this Agreement.

SECTION 12.9 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the Parties and their successors and permitted assigns; provided, however, that the rights and obligations of either party under this Agreement shall not be assignable by such party without the prior written consent of the other party. The successors and permitted assigns hereunder shall include any permitted assignee as well as the successors in interest to such permitted assignee (whether by merger, liquidation (including successive mergers or liquidations) or otherwise).

SECTION 12.10 Third-Party Beneficiaries. This Agreement is solely for the benefit of the Parties and their respective Subsidiaries, Affiliates, successors and permitted assigns, and nothing herein express or implied shall give or be construed to give to any other Person any legal or equitable rights hereunder.

SECTION 12.11 Notices. All notices, requests, claims, demands and other communications required or permitted hereunder shall be in writing and shall be deemed given or delivered (a) when delivered personally, (b) if transmitted by facsimile when confirmation of transmission is received, (c) if sent by electronic transmission when confirmation that the recipient has read the transmission (e.g., a “read receipt”) is received, (d) registered or certified mail, postage prepaid, return receipt requested, on the third Business Day after mailing or (e) if sent by nationally recognized overnight courier, on the first Business Day following the date of dispatch; and shall be addressed as follows:

If to NiSource, to:

NiSource Inc.
801 East 86th Avenue
Merrillville, Indiana 46410
Attention: General Counsel
Facsimile:
Email:

If to Columbia, to:

Columbia Pipeline Group, Inc.
5151 San Felipe Street, Suite 2500
Houston, Texas 77056
Attention: General Counsel
Facsimile:
Email:

or to such other address as such party may indicate by a notice delivered to the other party in accordance herewith.

SECTION 12.12 Performance. NiSource will cause to be performed and hereby guarantees the performance of all actions, agreements and obligations set forth herein to be performed by any NiSource Party. Columbia will cause to be performed and hereby guarantees the performance of all actions, agreements and obligations set forth herein to be performed by any Columbia Party. This Agreement is being entered into by NiSource and Columbia on behalf

of themselves and the members of their respective groups (the NiSource Parties and the Columbia Parties). This Agreement shall constitute a direct obligation of each such entity and shall be deemed to have been readopted and affirmed on behalf of any Person that becomes a Subsidiary of NiSource or Columbia on and after the Effective Time.

SECTION 12.13 Termination . Notwithstanding anything to the contrary contained herein, this Agreement may be terminated at any time prior to the Distribution by and in the sole discretion of the NiSource Board without the prior approval of any Person. In the event of such termination, this Agreement shall forthwith become void, and no Party shall have any liability to any Person by reason of this Agreement. After the Effective Time, this Agreement may not be terminated except by an agreement in writing signed by each of the Parties.

SECTION 12.14 Limited Liability . Notwithstanding any other provision of this Agreement, no individual who is a stockholder, director, employee, officer, agent or representative of Columbia or NiSource, in such individual's capacity as such, shall have any liability in respect of or relating to the covenants or obligations of Columbia or NiSource, as applicable, under this Agreement and, to the fullest extent legally permissible, each of Columbia and NiSource, for itself and its stockholders, directors, employees, officers and Affiliates, waives and agrees not to seek to assert or enforce any such liability that any such individual otherwise might have pursuant to applicable Law.

SECTION 12.15 Survival . Except as otherwise expressly provided herein, all covenants, conditions and agreements of the Parties contained in this Agreement shall remain in full force and effect and shall survive the Distribution Date.

SECTION 12.16 No Circumvention . Each Party agrees not to directly or indirectly take any actions, act in concert with any Person who takes any action, or cause or allow any of its Subsidiaries to take any actions (including the failure to take any reasonable action) such that the resulting effect is to materially undermine the effectiveness of any of the provisions of this Agreement (including adversely affecting the rights or ability of any Party to successfully pursue indemnification or payment pursuant to the provisions of this Agreement).

SECTION 12.17 Changes in Law . If, due to any change in applicable Law or regulations or their interpretation by any governmental authority having jurisdiction subsequent to the date hereof, performance of any provision of this Agreement or any transaction contemplated hereby shall become impracticable or impossible, the Parties shall use their commercially reasonable best efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such provision.

SECTION 12.18 Authority . Each of the Parties represents to the other Party that (a) it has the corporate power (corporate or otherwise) and authority to execute, deliver and perform this Agreement, (b) the execution, delivery and performance of this Agreement by it have been duly authorized by all necessary corporate or other action, (c) it has duly and validly executed and delivered this Agreement, and (d) this Agreement is a legal, valid, and binding obligation, enforceable against it in accordance with its terms subject to applicable bankruptcy, insolvency, reorganization, moratorium, or other similar Laws affecting creditors' rights generally and general equity principles.

SECTION 12.19 Tax Allocation Agreements. All Tax sharing, indemnification and similar agreements, written or unwritten, as between any of the NiSource Parties, on the one hand, and any of the Columbia Parties, on the other hand (other than this Agreement or in any other Transaction Agreement), shall automatically terminate or be amended as of the Distribution Date such that, after the Distribution Date, no NiSource Party that is a party to such Tax sharing, indemnification or similar agreement shall have any further rights or obligations under any such agreement with respect to any Columbia Party, and vice versa; provided, for the avoidance of doubt, that any such Tax sharing, indemnification or similar agreements shall remain in place to the extent such agreement thereafter relates solely to NiSource Parties or Columbia Parties, respectively.

SECTION 12.20 No Duplication; No Double Recovery. Nothing in this Agreement is intended to confer or impose upon any Party a duplicative right, entitlement, obligation, or recovery with respect to any matter arising out of the same facts and circumstances.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their authorized representatives as of the date first written above.

NISOURCE, INC.

By: /s/ Joseph Hamrock
Name: Joseph Hamrock
Title: Executive Vice President and Group CEO

COLUMBIA PIPELINE GROUP, INC.

By: /s/ Robert C. Skaggs, Jr.
Name: Robert C. Skaggs, Jr.
Title: Chief Executive Officer

Schedule 2.1(a)

Preparation of Pre-Distribution Income Tax Returns and Straddle Period Income Tax Returns

Pursuant to Section 2.1 of the Tax Allocation Agreement, the responsibility to prepare or cause to be prepared Pre-Distribution Income Tax Returns and Straddle Period Income Tax Returns, in accordance to the Agreement, shall be as follows:

<u>Tax Return</u>	<u>Responsible Party</u>
U.S. Federal Income Tax Return	NiSource
State Combined / Consolidated / Unitary Income Tax Returns – Income Tax Returns That Include Both NiSource Parties and Columbia Parties	NiSource
Separate State Income Tax Returns Other Than Combined / Consolidated / Unitary	Income Tax Returns that do not include both NiSource Parties and Columbia Parties will be separately prepared by each party as applicable
Foreign Income Tax Returns	Income Tax Returns that do not include both NiSource Parties and Columbia Parties will be separately prepared by each party as applicable

EMPLOYEE MATTERS AGREEMENT

This EMPLOYEE MATTERS AGREEMENT is made as of June 30, 2015 by and between NiSource Inc., a Delaware corporation (“**NiSource**”), and Columbia Pipeline Group, Inc., a Delaware corporation (“**Columbia**”), and, as of the date hereof, a wholly-owned subsidiary of NiSource.

WHEREAS, NiSource and Columbia have entered into a Separation and Distribution Agreement dated as of the date hereof (the “**Distribution Agreement**”) pursuant to which NiSource will distribute on a *pro rata* basis to the holders of shares of NiSource common stock, par value \$0.01 per share (“**NiSource Shares**”), without any consideration being paid by the holders of such NiSource Shares, all of the outstanding shares of Columbia common stock, par value \$0.01 per share (“**Columbia Shares**”), owned by NiSource as of the Distribution Date (as defined in the Distribution Agreement); and

WHEREAS, in connection with the Distribution (as defined in the Distribution Agreement), NiSource and Columbia desire to enter into this Employee Matters Agreement.

NOW, THEREFORE, in consideration of the mutual promises contained herein and in the Distribution Agreement, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

1.01 Definitions. Unless otherwise defined herein, each capitalized term shall have the meaning specified for such term in the Distribution Agreement. As used in this Agreement:

“**Adjusted NiSource Phantom Stock Unit Award**” has the meaning set forth in Section 6.04(b).

“**Adjusted NiSource RSU Award**” has the meaning set forth in Section 6.02(b).

“**Agreement**” means this Employee Matters Agreement together with those parts of the Distribution Agreement referenced herein and all schedules hereto and all amendments, modifications and changes hereto and thereto.

“**Business Employee**” means (i) each individual who immediately prior to the Distribution Date is employed by a Columbia Party, including each Transferred Employee, and (ii) each former employee of a NiSource Party, a Columbia Party or a Former Business owned, in whole or in part, by any of the Columbia Parties whose last employment with any of such parties prior to termination (before the Distribution Date) was with a Columbia Party or a Former Business owned, in whole or in part, by any of the Columbia Parties.

“**CIP Award**” has the meaning set forth in Section 5.02.

“**Code**” means the Internal Revenue Code of 1986.

“ **Columbia** ” has the meaning set forth in the first paragraph of this Agreement.

“ **Columbia Deferred Compensation Plans** ” has the meaning set forth in Section 3.03.

“ **Columbia Employee** ” means a person who is employed by a Columbia Party immediately following the Distribution Date.

“ **Columbia ESPP** ” has the meaning set forth in Section 6.05(a).

“ **Columbia FSA** ” has the meaning set forth in Section 4.05.

“ **Columbia Life and Medical VEBA Trusts** ” mean the Non-Union Life and Medical Benefits VEBA Trust and the Union Life and Medical Benefits VEBA Trust adopted by the Columbia Parties on or prior to the Distribution Date.

“ **Columbia Non-Employee Director** ” has the meaning set forth in Section 6.02(b).

“ **Columbia Pension Plan** ” has the meaning set forth in Section 3.02(a).

“ **Columbia Pension Trust** ” has the meaning set forth in Section 3.02(b).

“ **Columbia Post-Distribution Stock Price** ” means the per share price of Columbia Shares, which shall be equal to the average of the volume weighted average price of Columbia Shares, traded on a when-issued basis, for each of the three consecutive trading days immediately preceding the Distribution Date.

“ **Columbia Post-65 Retiree Medical VEBA Trusts** ” mean the Non-Union Post-65 Retiree Medical Benefits VEBA Trust and the Union Post-65 Retiree Medical Benefits VEBA Trust adopted by the Columbia Parties on or prior to the Distribution Date.

“ **Columbia Rabbi Trusts** ” has the meaning set forth in Section 3.03.

“ **Columbia Retiree Welfare Plans** ” has the meaning set forth in Section 4.06(a).

“ **Columbia RSP** ” has the meaning set forth in Section 3.01(a).

“ **Columbia RSP Trust** ” means the trust maintained under the Columbia RSP.

“ **Columbia Shares** ” has the meaning set forth in the recitals of this Agreement.

“ **Columbia Stock Plans** ” has the meaning set forth in Section 6.01.

“ **Columbia Welfare Plan** ” has the meaning set forth in Section 4.01.

“ **Compensation Committee** ” means the Officer Nomination and Compensation Committee of the NiSource Board or the Human Resources and Compensation Committee of the Columbia Board, as the case may be.

“**Deceased Business Employee**” means an individual who died prior to the Distribution Date while (i) an employee of a Columbia Party or (ii) a retiree (or for purposes of Article III only, a former employee of a NiSource Party, a Columbia Party or a Former Business owned, in whole or in part, by any of the Columbia Parties) whose last employment prior to termination was with a Columbia Party or with a Former Business owned, in whole or in part, by any of the Columbia Parties.

“**Distribution Agreement**” has the meaning set forth in the recitals of this Agreement.

“**ERISA**” means the Employee Retirement Income Security Act of 1974.

“**Final Transfer Amount**” has the meaning set forth in Section 3.02(b).

“**Final Transfer Date**” has the meaning set forth in Section 3.02(b).

“**Former Columbia Directors**” has the meaning set forth in Section 7.02(f).

“**Initial Transfer Amount**” has the meaning set forth in Section 3.02(b).

“**IRS**” means the Internal Revenue Service.

“**NiSource**” has the meaning set forth in the first paragraph of this Agreement.

“**NiSource DB Master Trust**” has the meaning set forth in Section 3.02(b).

“**NiSource Deferred Compensation Plans**” mean the NiSource Inc. Executive Deferred Compensation Plan, the Savings Restoration Plan for NiSource Inc. and Affiliates and the Pension Restoration Plan for NiSource Inc. and Affiliates.

“**NiSource ESPP**” has the meaning set forth in Section 6.05(a).

“**NiSource FSA**” has the meaning set forth in Section 4.05.

“**NiSource Life and Medical VEBA Trusts**” mean the NiSource Non-Union Life and Medical Benefits VEBA Trust and the NiSource Union Life and Medical Benefits VEBA Trust.

“**NiSource Non-Employee Director**” has the meaning set forth in Section 6.02(d).

“**NiSource Non-ERISA Benefit Arrangement**” means any Non-ERISA Benefit Arrangement sponsored or maintained by a NiSource Party.

“**NiSource Pension Plans**” mean the Columbia Energy Group Pension Plan and the NiSource Salaried Pension Plan.

“**NiSource Performance Share Award**” means a performance share award granted under any of the NiSource Stock Plans that is outstanding as of the Distribution Date.

“**NiSource Phantom Stock Unit Award**” means a phantom stock unit award granted to certain executives following the acquisition of Columbia Energy Group by NiSource, as part of agreements entered into as of February 1, 2001, that is outstanding as of the Distribution Date.

“**NiSource Plan**” means any Pension Plan or Welfare Plan sponsored or maintained by a NiSource Party.

“**NiSource Post-65 Retiree Medical VEBA Trusts**” mean the NiSource Non-Union Post-65 Retiree Medical Benefits VEBA Trust and the NiSource Union Post-65 Retiree Medical Benefits VEBA Trust.

“**NiSource Post-Distribution Stock Price**” means the per share price of NiSource Shares, determined on a post-Distribution basis, which shall be equal to the average of the volume weighted average price of NiSource Shares, traded on a when-issued basis, for each of the three consecutive trading days immediately preceding the Distribution Date.

“**NiSource Pre-Distribution Stock Price**” means the per share price of NiSource Shares, determined on a pre-Distribution basis, which shall be equal to the average of the volume weighted average price of NiSource Shares, traded with due bills, for each of the three consecutive trading days immediately preceding the Distribution Date.

“**NiSource Rabbi Trusts**” has the meaning set forth in Section 3.03.

“**NiSource Retiree Welfare Plans**” mean the retiree Welfare Plans sponsored or maintained by a NiSource Party, including the NiSource Consolidated Flex Medical Plan, the NiSource Post-65 Retiree Medical Plan and the NiSource Life Insurance Plan.

“**NiSource RSP**” means the NiSource Inc. Retirement Savings Plan.

“**NiSource RSP Trust**” means the trust maintained under the NiSource RSP.

“**NiSource RSU Award**” means a restricted stock unit award granted under any of the NiSource Stock Plans that is outstanding as of the Distribution Date.

“**NiSource Shares**” has the meaning set forth in the recitals of this Agreement.

“**NiSource Stock Plans**” mean the NiSource Inc. 2010 Omnibus Incentive Plan and the NiSource Inc. Nonemployee Director Stock Incentive Plan.

“**NiSource Welfare Plan**” means a Welfare Plan sponsored or maintained by a NiSource Party.

“**Non-ERISA Benefit Arrangement**” means any contract, agreement, policy, practice, program, plan, trust or arrangement, other than a Pension Plan or Welfare Plan, providing for benefits, perquisites or compensation of any nature, including but not limited to tuition reimbursement, adoption assistance, vacation, holidays, sick, personal or bereavement days, relocation benefits, supplemental unemployment, bonus or other forms of incentive compensation.

“**Pension Plan**” means any pension plan as defined in Section 3(2) of ERISA, without regard to Section 4(b)(4) or 4(b)(5) of ERISA.

“**Substitute Columbia Phantom Stock Unit Award**” has the meaning set forth in Section 6.04(a).

“**Substitute Columbia RSU Award**” has the meaning set forth in Section 6.02(a).

“**Supplemental Columbia RSU Award**” has the meaning set forth in Section 6.02(b)(2).

“**Surviving Dependent**” means each individual who immediately prior to the Distribution Date was enrolled in the NiSource Consolidated Flex Medical Plan or NiSource Post-65 Retiree Medical Plan as a surviving dependent of a Deceased Business Employee.

“**Transferred Employee**” means each employee of a NiSource Party or any of its Affiliates (other than Columbia or any Columbia Subsidiary) whose employment shall have been transferred from a NiSource Party to a Columbia Party prior to the Distribution Date.

“**VEBA**” means a tax-exempt entity established pursuant to Section 501(c)(9) of the Code.

“**Welfare Plan**” means any employee welfare plan as defined in Section 3(1) of ERISA, without regard to Section 4(b)(4) or 4(b)(5) of ERISA.

1.02 Rules of Construction .

(a) For purposes of this Agreement:

(1) the words “include,” “includes” and “including” shall be deemed to be followed by the words “without limitation;”

(2) the word “or” is not exclusive;

(3) the words “herein,” “hereunder,” “hereof,” “hereby,” “hereto” and words of similar import shall be deemed to be references to this Agreement as a whole and not to any particular Section or other provision hereof; and

(4) relative to the determination of any period of time, “from” means “from and including,” “to” means “to but excluding” and “through” means “through and including.”

(b) In this Agreement, unless the context clearly indicates otherwise:

(1) words used in the singular include the plural and words used in the plural include the singular;

(2) reference to any Person includes such Person’s successors and assigns but, if applicable, only if such successors and assigns are permitted by this Agreement;

(3) reference to any Person’s “Affiliates” shall be deemed to mean such Person’s Affiliates following the Distribution;

(4) reference to any gender includes the other gender and the neutral gender;

(5) reference to any Article, Section or Exhibit means such Article or Section of, or such Exhibit to, this Agreement, as the case may be;

(6) reference to any agreement, instrument or other document means such agreement, instrument or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof and by this Agreement;

(7) reference to any Law (including statutes and ordinances) means such Law (including all rules and regulations promulgated thereunder) as amended, modified, codified or reenacted, in whole or in part, and in effect at the time of determining compliance or applicability;

(8) accounting terms used herein shall have the meanings ascribed to them by NiSource and its Subsidiaries, including Columbia, in its and their internal accounting and financial policies and procedures in effect immediately prior to the date of this Agreement;

(9) if there is any conflict between the provisions of the Distribution Agreement and this Agreement, the provisions of this Agreement shall control with respect to the subject matter hereof;

(10) any portion of this Agreement obligating a party hereto to take any action or refrain from taking any action, as the case may be, shall mean that such party shall also be obligated to cause its relevant Subsidiaries to take such action or refrain from taking such action, as the case may be; and

(11) all references to dollar amounts shall be in respect of lawful currency of the United States.

(c) The titles to Articles and headings of Sections contained in this Agreement have been inserted for convenience of reference only and shall not be deemed to be a part of or to affect the meaning or interpretation of this Agreement, and this Agreement and the Transaction Agreements shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting an instrument or causing any instrument to be drafted.

(d) The Exhibit shall be construed with and as an integral part of this Agreement to the same extent as if the same had been set forth verbatim herein.

ARTICLE II

ASSIGNMENT OF EMPLOYEES

As of the date immediately prior to the Distribution Date, the employment of the Transferred Employees by the NiSource Parties shall have terminated and been assigned and transferred to a Columbia Party. Notwithstanding anything to the contrary contained herein, nothing in this Agreement shall create any obligation on the part of any Columbia Party to continue the employment of any employee for any definite period following the Distribution Date or to change the employment status of any employee from “at will.”

ARTICLE III

PENSION, RETIREMENT AND DEFERRED COMPENSATION PLANS

3.01 Defined Contribution Plans.

(a) **Establishment of the Columbia Retirement Savings Plan.** Effective on or before the Distribution Date, Columbia shall adopt, establish and maintain a 401(k) profit sharing plan and trust for the benefit of employees of the Columbia Parties that is substantially similar to the NiSource RSP and is intended to be qualified under Section 401(a) of the Code and exempt from federal income tax under Section 501(a) of the Code (the “**Columbia RSP**”). As soon as practicable after the adoption of the Columbia RSP, or as otherwise required under Revenue Procedure 2007-44, Columbia shall submit an application to the IRS for a determination that the Columbia RSP is qualified under Section 401(a) of the Code and that the related Columbia RSP Trust is exempt from federal income tax under Section 501(a) of the Code, and shall take any actions not inconsistent with Columbia’s other general commitments contained in this Agreement and make any amendments necessary to receive such determination. As of the Distribution Date, each Business Employee employed by the Columbia Parties (and any survivor or beneficiary of a Deceased Business Employee who is entitled to a benefit under the NiSource RSP immediately prior to the Distribution Date) shall be eligible to participate in the Columbia RSP, which shall recognize the service of such Business Employee with NiSource and its Subsidiaries in accordance with Section 7.04.

(b) **Transfer of Assets from NiSource, Inc. Retirement Savings Plan.** On or as soon as administratively practicable after the Distribution Date, NiSource shall cause the NiSource RSP Trust to transfer to the Columbia RSP Trust assets having a value as of the applicable valuation date that is equal to the value of the account balances of, and accrued liabilities (including any outstanding loan balances) with respect to, all Business Employees and all survivors and beneficiaries of all Deceased Business Employees with an account balance under the NiSource RSP as of such valuation date. “Accrued liabilities” for these purposes shall include employer matching contributions and nondiscretionary employer profit sharing contributions deposited to the NiSource RSP Trust on a per payroll basis for any Business Employee that was accrued prior to the transfer of assets from the NiSource RSP Trust to the Columbia RSP Trust. Notwithstanding the foregoing, with respect to any discretionary profit sharing contributions payable to Business Employees for the 2015 calendar year and to be paid after the end of the 2015 calendar year, (i) NiSource and Columbia shall determine the amount of any employer profit sharing contribution, including the identification of Business Employees who satisfy the eligibility requirements for such profit sharing contribution under the Columbia RSP as of December 31, 2015 and who would have satisfied such requirements under the NiSource RSP but for the Distribution, (ii) NiSource shall make a cash payment to Columbia equal to the portion of such

contribution that is associated with service for and compensation earned prior to the date of the Distribution, with such payment to be made on or before the due date for such contribution under the terms of the Code and the Columbia RSP and (iii) Columbia shall contribute to the Columbia RSP the full amount of such contribution. Columbia shall be solely responsible for and shall determine the amount of any discretionary profit sharing contribution payable to these Business Employees that is associated with service for and compensation earned from Columbia or an Affiliate for the period beginning on the Distribution Date and ending on December 31, 2015. In addition, on or as soon as administratively practicable after the Distribution Date, a pro rata share of all unallocated amounts (including but not limited to any forfeiture accounts, revenue sharing credit accounts or other unallocated accounts held under the NiSource RSP immediately prior to the Distribution Date) shall be transferred from the NiSource RSP Trust to the Columbia RSP Trust, determined based upon the ratio of the number of all Business Employees actively participating in the NiSource RSP immediately prior to the Distribution Date to the number of all employees actively participating in the NiSource RSP immediately prior to the Distribution Date. Assets transferred pursuant to this paragraph shall be in cash or in kind, including shares of securities, promissory notes evidencing outstanding plan loans, NiSource Shares or Columbia Shares, and such transfer shall be made in accordance with Section 414(l) of the Code. Liabilities under any qualified domestic relations orders (as defined in Section 414(p) of the Code) received with respect to any accounts transferred to the Columbia RSP shall be transferred to and assumed by the Columbia RSP at the time such assets attributable to such accounts are transferred. NiSource shall transfer to Columbia, and Columbia shall accept any promissory notes, including outstanding loan balances, of Business Employees in the NiSource RSP, and Columbia shall continue to process any plan loans transferred from the NiSource RSP to the Columbia RSP. All beneficiary designations made by Business Employees and by survivors and beneficiaries of Deceased Business Employees under the NiSource RSP shall, to the extent applicable, be transferred to, and be in full force and effect under, the Columbia RSP until such beneficiary designations are subsequently replaced or revoked by the Business Employee (or the survivor or beneficiary of the Deceased Business Employee) who made the beneficiary designation (or his legally recognized agent). Except as noted above with respect to profit sharing contribution liabilities relating to 2015, on and after the Distribution Date, Columbia shall assume and thereafter be solely responsible for all then existing and future employer liabilities related to such Business Employees and survivors and beneficiaries of Deceased Business Employees under the Columbia RSP and the administration thereof and the NiSource Parties shall have no liability whatsoever therefor.

(c) Liquidation of Company Stock Funds. Subject to the fiduciary and other requirements of ERISA, and any other applicable Laws, NiSource shall take such actions as are reasonably necessary to ensure that any liquidation of Columbia Shares held in the NiSource RSP after the Distribution Date is orderly and periodic. Subject to the exercise of its fiduciary duties or other requirements of ERISA and any other applicable Laws, as soon as administratively practicable after the Distribution Date, NiSource shall permit participants in the NiSource RSP to transfer the investment of their plan accounts out of the Columbia Share fund maintained under such plan and shall prohibit participants from transferring the investment of their plan accounts or electing the investment of new contributions into such Columbia Share fund, but shall not

otherwise require the liquidation of any Columbia Shares from the NiSource RSP until the first anniversary of the Distribution Date or other such date determined by the NiSource Benefits Committee as the named fiduciary for the NiSource RSP. Notwithstanding the foregoing, nothing herein shall require the liquidation of Columbia Shares from the NiSource RSP. Subject to the fiduciary and other requirements of ERISA, and any other applicable Laws, Columbia shall take such actions as are reasonably necessary to ensure that any liquidation of NiSource Shares held in the Columbia RSP is orderly and periodic. Subject to the exercise of its fiduciary duties or other requirements of ERISA and any other applicable Laws, as soon as administratively practicable after the Distribution Date, Columbia shall permit participants in the Columbia RSP to transfer the investment of their plan accounts out of the NiSource Share fund maintained under such plan and shall prohibit participants from transferring the investment of their plan accounts or electing the investment of new contributions into such NiSource Share fund, but shall not otherwise require the liquidation of any NiSource Shares from the Columbia RSP until the first anniversary of the Distribution Date or other such date determined by the named fiduciary for the Columbia RSP. Notwithstanding the foregoing, nothing herein shall require the liquidation of NiSource Shares from the Columbia RSP.

3.02 Defined Benefit Pension Plans.

(a) **Establishment of Columbia Pension Plan.** Effective on or before the Distribution Date, Columbia shall adopt, establish and maintain a Pension Plan and a trust for the benefit of employees of the Columbia Parties (the “**Columbia Pension Plan**”). Whether in a unified plan document or multiple plan documents that make up a single Pension Plan, the Columbia Pension Plan will be substantially similar to each applicable NiSource Pension Plan that has a portion of assets and liabilities transferred pursuant to Section 3.02(b), and to the related trust(s). The Columbia Pension Plan is intended to be qualified under Section 401(a) of the Code and exempt from federal income tax under Section 501(a) of the Code. As soon as practicable after the adoption of the Columbia Pension Plan and trust, or as otherwise required under Revenue Procedure 2007-44, Columbia shall submit an application to the IRS for a determination that the Columbia Pension Plan is qualified under Section 401(a) of the Code and that the related trust is exempt from federal income tax under Section 501(a) of the Code, and shall take any actions not inconsistent with Columbia’s other general commitments contained in this Agreement and make any amendments necessary to receive such determination.

(b) **Transfer of Assets and Liabilities.** As of the Distribution Date, the Columbia Pension Plan shall assume all liabilities with respect to all Business Employees under the NiSource Pension Plans (and any survivor or beneficiary of a Deceased Business Employee who is entitled to a benefit under the NiSource Pension Plans immediately prior to the Distribution Date) and neither NiSource nor any of its Affiliates shall retain any such liabilities. On the Distribution Date, NiSource shall cause to be transferred from the NiSource Master Retirement Trust (the “**NiSource DB Master Trust**”) to the trust established for the Columbia Pension Plan (the “**Columbia Pension Trust**”) an initial amount of assets (the “**Initial Transfer Amount**”) in funds that are immediately available funds under the NiSource DB Master Trust, which such amount

shall be equal to 75% of the amount the actuary engaged by the NiSource Pension Plans determines in good faith to be a reasonable estimate of the amount of assets to be transferred as of the Distribution Date for all Business Employees (and all survivors and beneficiaries of Deceased Business Employees) with accrued benefits under the NiSource Pension Plans in accordance with Section 414 (l) of the Code and Section 4044 of ERISA. As soon as administratively practicable after the Distribution Date, the actuary engaged by the NiSource Pension Plans shall determine the final amount of assets to be transferred as of the Distribution Date for all Business Employees (and all survivors and beneficiaries of Deceased Business Employees) with accrued benefits under the NiSource Pension Plans in accordance with Section 414(l) of the Code and Section 4044 of ERISA (the “**Final Transfer Amount**”). As soon as administratively practicable after the later to occur of (i) the date the Final Transfer Amount is determined and (ii) the expiration of the waiting period prescribed by Section 6058(b) of the Code, the NiSource Parties shall direct the trustee of the NiSource DB Master Trust to transfer the Final Transfer Amount in funds that are immediately available funds under the NiSource DB Master Trust to the trustee of the Columbia Pension Trust. The Final Transfer Amount shall be reduced (i) by the Initial Transfer Amount, (ii) as necessary to reflect benefit payments made from the NiSource DB Master Trust on behalf of any Business Employees (or any survivors or beneficiaries of Deceased Business Employees), which such payments are effective as of the Distribution Date or any other date between the Distribution Date and the Final Transfer Date, (iii) by any administrative expenses paid from the NiSource DB Master Trust prior to the Final Transfer Date in preparation for the administration of the Columbia Pension Plan and the transfer of the Final Transfer Amount to the Columbia Pension Trust and (iv) by the pro-rata portion of monthly investment expenses incurred by the NiSource Pension Plans attributable to the Final Transfer Amount for the period beginning on the Distribution Date and ending on the Final Transfer Date. From the actual date of delivery of the Initial Transfer Amount on the Distribution Date until the actual date of delivery of the Final Transfer Amount (the “**Final Transfer Date**”), the trustee of the NiSource DB Master Trust shall hold the Final Transfer Amount under the NiSource Pension Plans and the Final Transfer Amount shall be credited with earnings, from the Distribution Date to the Final Transfer Date, at a rate equal to the actual rate of return for the investments in the NiSource DB Master Trust for the period beginning on the Distribution Date and ending on the Final Transfer Date. Further, liabilities under any qualified domestic relations orders (as defined in Section 414(p) of the Code) received with regard to any benefits for such Business Employees shall be transferred to and assumed by the Columbia Pension Plan as of the Distribution Date. All beneficiary designations made by Business Employees and by survivors and beneficiaries of Deceased Business Employees under the NiSource Pension Plans shall, to the extent applicable, be transferred to, and be in full force and effect under, the Columbia Pension Plan until such beneficiary designations are replaced or revoked by the Business Employee (or the survivor or beneficiary of the Deceased Business Employee) who made the beneficiary designation (or his legally recognized agent).

3.03 Nonqualified Deferred Compensation Plans. Effective on or before the Distribution Date, Columbia shall adopt, establish and maintain nonqualified deferred compensation plans for the benefit of employees of the Columbia Parties (the “**Columbia Deferred Compensation Plans**”) and shall establish one or more grantor trusts to be a source of providing benefits thereunder (the “**Columbia Rabbi Trusts**”) that in each case shall be

substantially similar to the NiSource Deferred Compensation Plans and the grantor trusts maintained by NiSource with respect to the NiSource Deferred Compensation Plans (the “**NiSource Rabbi Trusts**”). As of the Distribution Date, the Columbia Parties shall assume and thereafter be solely responsible for all existing and future liabilities relating to Business Employees’ (and Deceased Business Employee survivors’ and beneficiaries’) (a) benefits accrued under the NiSource Deferred Compensation Plans prior to the Distribution Date and (b) benefits that accrue under the Columbia Deferred Compensation Plans on and after the Distribution Date. All beneficiary designations made by Business Employees and by survivors and beneficiaries of Deceased Business Employees under the NiSource Deferred Compensation Plans shall, to the extent applicable, be transferred to, and be in full force and effect under, the Columbia Deferred Compensation Plans until such beneficiary designations are replaced or revoked by the Business Employee (or the survivor or beneficiary of the Deceased Business Employee) who made the beneficiary designation. Following the Distribution Date, the NiSource Parties shall have no liability or obligation with respect to the benefits accrued by such Business Employees or by such survivors or beneficiaries of Deceased Business Employees under any of the NiSource Deferred Compensation Plans or with respect to any benefits accrued under the Columbia Deferred Compensation Plans. As soon as administratively practicable after the Distribution Date, NiSource shall cause the NiSource Rabbi Trusts to transfer to the Columbia Rabbi Trusts cash, life insurance policies or other assets having an aggregate fair market value equal to (i) the aggregate fair market value of all assets held in the NiSource Rabbi Trusts as of the Distribution Date multiplied by (ii) a percentage, the numerator of which shall be the lump sum present value of the benefits assumed by the Columbia Deferred Compensation Plans pursuant to this Section 3.03 and the denominator of which shall be the lump sum present value of all benefits accrued under the NiSource Deferred Compensation Plans immediately prior to the Distribution Date.

ARTICLE IV

WELFARE PLANS

4.01 Establishment of the Columbia Welfare Plans. Effective on or before the Distribution Date, Columbia shall adopt, establish and maintain Welfare Plans for the benefit of employees of the Columbia Parties that are substantially similar to the NiSource Welfare Plans (the “**Columbia Welfare Plans**”).

4.02 Coverage of Business Employees and Surviving Dependents. As of the Distribution Date, each Business Employee shall become eligible to participate in the Columbia Welfare Plans and each Surviving Dependent shall become eligible to participate in the Columbia Pipeline Group Consolidated Flex Medical Plan, subject to the terms of such plans. To the extent applicable to any Columbia Welfare Plans in which Business Employees or Surviving Dependents become eligible as of the Distribution Date that provide benefits similar to the benefits that had been provided to such persons under a NiSource Welfare Plan immediately prior to such date, Columbia shall cause the Columbia Welfare Plans to recognize all coverage and contribution elections made by the Business Employees and Surviving Dependents under the NiSource Welfare Plans in effect for the period immediately prior to the Distribution Date and shall apply such elections under the Columbia Welfare Plans for the remainder of the period or periods for which such elections are by their terms applicable. All beneficiary designations made by Business Employees and Surviving Dependents under the NiSource Welfare Plans shall, to the extent applicable, be transferred to, and be in full force and effect under, the Columbia Welfare

Plans until such beneficiary designations are replaced or revoked by the Business Employee or Surviving Dependent who made the beneficiary designation. With respect to each Business Employee and Surviving Dependent, each Columbia Welfare Plan shall provide that for purposes of determining eligibility to participate, vesting and calculation of, and entitlement to, benefits, service by the Business Employee or, in the case of a Surviving Dependent, the Deceased Business Employee, prior to the Distribution Date with a NiSource Party shall be treated as service with a Columbia Party. Columbia shall cause each Columbia Welfare Plan to waive any waiting periods, evidence of insurability requirements, and the application of any preexisting condition limitations with respect to each Business Employee (and, if applicable, such Business Employee's participating spouse and/or dependents) and Surviving Dependent. Columbia shall cause each Columbia Welfare Plan to honor any deductible, co-payment and out-of-pocket maximums incurred by each Business Employee (and, if applicable, such Business Employee's participating spouse and/or dependents) and Surviving Dependent under the NiSource Welfare Plans in which such Business Employee or Surviving Dependent participated immediately prior to the Distribution Date, if any, in satisfying any deductibles, co-payments or out-of-pocket maximums under the Columbia Welfare Plans in which such Business Employee or Surviving Dependent is eligible to participate after the Distribution Date in the same plan year in which any such deductibles, co-payments or out-of-pocket maximums were incurred. All amounts credited or applied to any annual or lifetime benefit limitation under a NiSource Welfare Plan with respect to a Business Employee (and, if applicable, such Business Employee's participating spouse and/or dependents) or Surviving Dependent shall be credited or applied to the annual or lifetime benefit limitation for such Business Employee (and, if applicable, such Business Employee's participating spouse and/or dependents) or Surviving Dependent under the corresponding Columbia Welfare Plan.

4.03 Welfare Plan Liabilities.

(a) Columbia Liabilities. Except as provided in clause (b) of this Section 4.03, the Columbia Parties and the Columbia Welfare Plans, as applicable, shall retain and be responsible for all claims for welfare benefits (and for any Liabilities arising as a result of such claims) incurred with respect to any Business Employee (and, if applicable, such Business Employee's participating spouse and/or dependents) or Surviving Dependent on or after the Distribution Date under the Columbia Welfare Plans, and none of the NiSource Parties nor the NiSource Welfare Plans shall assume or retain any such Liabilities.

(b) NiSource Liabilities. Except as provided in Section 4.05, NiSource and the NiSource Welfare Plans shall continue to be responsible for all claims for welfare benefits (and for any Liabilities arising as a result of such claims) incurred with respect to any Business Employee (and, if applicable, such Business Employee's participating spouse and/or dependents) or Surviving Dependent prior to the Distribution Date (except with respect to any claims for long-term or short-term disability benefits due and payable on and after the Distribution Date, but incurred prior to the Distribution Date), whether such claims have been paid or remain unpaid as of such date, and neither Columbia nor the Columbia Welfare Plans shall assume or retain any such Liabilities.

(c) **Claims Incurred.** Claims for group health plan benefits shall be considered to be incurred prior to the Distribution Date if the services related to such claims were provided prior to the Distribution Date. Claims for all other welfare benefits shall be considered to be incurred prior to the Distribution Date if the date of loss occurred prior to the Distribution Date.

4.04 COBRA and HIPAA Liabilities. From and after the Distribution Date, the Columbia Parties and the Columbia Welfare Plans shall be responsible for the continuation coverage requirements under the Consolidated Omnibus Budget Reconciliation Act of 1985 and the portability requirements under the Health Insurance Portability and Accountability Act of 1996 with respect to all Business Employees and their qualified beneficiaries.

4.05 Flexible Spending Accounts. As of the Distribution Date, each Business Employee shall become eligible to participate in a flexible spending account plan established by Columbia (the “**Columbia FSA**”), subject to the terms of such plan. Effective as of the Distribution Date, the Columbia FSA shall credit or debit the applicable account of each Business Employee who, as of the Distribution Date, was a participant in the flexible spending account plan maintained by NiSource (the “**NiSource FSA**”), with an amount equal to the balance of his or her account under the NiSource FSA as of the Distribution Date, and shall continue his or her elections thereunder. If the claims made against a Business Employee’s NiSource FSA account prior to the Distribution Date exceed the amounts credited to such account at the Distribution Date, Columbia shall reimburse NiSource for the amount of such difference. If the amounts credited to a Business Employee’s NiSource FSA account at the Distribution Date exceed the claims made against such account prior to the Distribution Date, NiSource shall reimburse Columbia for the amount of such difference. The Columbia FSA shall assume responsibility as of the Distribution Date for all outstanding dependent care and medical care claims under the NiSource FSA of each Business Employee and shall assume and perform the obligations from and after the Distribution Date. From and after the Distribution Date, NiSource shall provide Columbia with such information Columbia may reasonably request to enable it to verify any claims information pertaining to the NiSource FSA.

4.06 Retiree Welfare Plans.

(a) **Columbia Retiree Welfare Plans.** Effective on or before the Distribution Date, Columbia shall adopt, establish and maintain retiree Welfare Plans that are substantially similar to the NiSource Retiree Welfare Plans (the “**Columbia Retiree Welfare Plans**”).

(b) **Coverage of Business Employees and Surviving Dependents.** As of the Distribution Date, each Business Employee shall become eligible to participate in the Columbia Retiree Welfare Plans established by Columbia and each Surviving Dependent shall become eligible to participate in the Columbia Pipeline Group Consolidated Flex Medical Plan and the Columbia Pipeline Group Post-65 Retiree Medical Plan, subject to the terms of such plans. To the extent applicable to any Columbia Retiree Welfare Plans in which Business Employees or Surviving Dependents become eligible as of the Distribution Date that provide benefits similar to the benefits that had been provided to such persons under a NiSource Retiree Welfare Plan immediately prior to such date, Columbia shall cause the Columbia Retiree Welfare Plans to recognize all coverage and contribution elections made by the Business Employees and Surviving Dependents under the NiSource Retiree Welfare Plans in effect for the period immediately prior to the

Distribution Date and shall apply such elections under the Columbia Retiree Welfare Plans for the remainder of the period or periods for which such elections are by their terms applicable. All beneficiary designations made by Business Employees and Surviving Dependents under the NiSource Retiree Welfare Plans shall, to the extent applicable, be transferred to, and be in full force and effect under, the Columbia Retiree Welfare Plans until such beneficiary designations are replaced or revoked by the Business Employee or Surviving Dependent who made the beneficiary designation. With respect to each Business Employee and Surviving Dependent, each Columbia Retiree Welfare Plan shall provide that for purposes of determining eligibility to participate, vesting and entitlement to benefits, service by the Business Employee or, in the case of a Surviving Dependent, the Deceased Business Employee, prior to the Distribution Date with a NiSource Party shall be treated as service with a Columbia Party. Columbia shall cause each Columbia Retiree Welfare Plan to waive any waiting periods, evidence of insurability requirements, and the application of any preexisting condition limitations with respect to each Business Employee (and, if applicable, such Business Employee's participating spouse and/or dependents) and Surviving Dependent. Columbia shall cause each Columbia Retiree Welfare Plan to honor any deductible, co-payment and out-of-pocket maximums incurred by each Business Employee (and, if applicable, such Business Employee's participating spouse and/or dependents) and Surviving Dependent under the NiSource Retiree Welfare Plans in which such Business Employee or Surviving Dependent participated immediately prior to the Distribution Date, if any, in satisfying any deductibles, co-payments or out-of-pocket maximums under the Columbia Retiree Welfare Plans in which such Business Employee or Surviving Dependent is eligible to participate after the Distribution Date in the same plan year in which any such deductibles, co-payments or out-of-pocket maximums were incurred. All amounts credited or applied to any annual or lifetime benefit limitation under a NiSource Retiree Welfare Plan with respect to a Business Employee (and, if applicable, such Business Employee's participating spouse and/or dependents) or Surviving Dependent shall be credited or applied to the annual or lifetime benefit limitation for such Business Employee (and, if applicable, such Business Employee's participating spouse and/or dependents) or Surviving Dependent under the corresponding Columbia Retiree Welfare Plan.

(c) Retiree Welfare Plan Liabilities.

(1) Columbia Liabilities. Except as provided in clause (2) of this Section 4.06(c), the Columbia Parties and the Columbia Retiree Welfare Plans, as applicable, shall retain and be responsible for all claims for retiree welfare benefits (and for any Liabilities arising as a result of such claims) incurred with respect to any Business Employee (and, if applicable, such Business Employee's participating spouse and/or dependents) or Surviving Dependent on or after the Distribution Date under the Columbia Retiree Welfare Plans, and none of the NiSource Parties nor the NiSource Retiree Welfare Plans shall assume or retain any such Liabilities.

(2) NiSource Liabilities. NiSource and the NiSource Retiree Welfare Plans shall continue to be responsible for all claims for retiree welfare benefits (and for any Liabilities arising as a result of such claims) incurred with respect to

any Business Employee (and, if applicable, such Business Employee's participating spouse and/or dependents) or Surviving Dependent prior to the Distribution Date, whether such claims have been paid or remain unpaid as of such date, and neither Columbia nor the Columbia Retiree Welfare Plans shall assume or retain any such Liabilities.

(3) Claims Incurred. Claims for retiree health benefits shall be considered to be incurred prior to the Distribution Date if the services related to such claims were provided prior to the Distribution Date. Claims for all other retiree welfare benefits shall be considered to be incurred prior to the Distribution Date if the date of loss occurred prior to the Distribution Date.

(d) Retiree Welfare Plan VEBA Trusts .

(1) Columbia Retiree VEBA Trusts. Effective on or before the Distribution Date, Columbia shall adopt, establish and maintain Columbia Life and Medical VEBA Trusts and Columbia Post-65 Retiree Medical VEBA Trusts that in each case shall be substantially similar to the NiSource Life and Medical VEBA Trusts and NiSource Post-65 Retiree Medical VEBA Trusts, as applicable, and are intended to be qualified under section 501(c)(9) of the Code. As soon as practicable after the adoption of the Columbia Life and Medical VEBA Trusts and the Columbia Post-65 Retiree Medical VEBA Trusts, Columbia shall submit applications for determination to the IRS for a determination that each Columbia Life and Medical VEBA Trust and Columbia Post-65 Retiree Medical VEBA Trust is qualified under Section 501(c)(9) of the Code and is exempt from federal income tax under Section 501(a) of the Code, and shall take any actions not inconsistent with Columbia's other general commitments contained in this Agreement and make any amendments necessary to receive such determination.

(2) Life and Medical VEBA Trusts. As soon as administratively practicable following the Distribution Date, the NiSource Parties shall cause the trustees of the NiSource Life and Medical VEBA Trusts to transfer to the Columbia Life and Medical VEBA Trusts the assets that are credited to each of the subaccounts thereunder that relate to the Business Employees.

(3) Post-65 Retiree Medical VEBA Trusts. As soon as administratively practicable following the Distribution Date, the NiSource Parties shall cause the trustees of the NiSource Post-65 Retiree Medical VEBA Trusts to transfer to the Columbia Post-65 Retiree Medical VEBA Trusts the assets that are credited to each of the subaccounts thereunder that relate to the Business Employees.

ARTICLE V

NON-ERISA BENEFIT ARRANGEMENTS

5.01 Columbia Non-ERISA Benefit Arrangements. Effective on or before the Distribution Date, the Columbia Parties shall adopt, establish and maintain Non-ERISA Benefit Arrangements for the benefit of the Business Employees that shall be substantially similar to the NiSource Non-ERISA Benefit Arrangements.

5.02 Annual Bonuses. On or before March 15, 2016, the Columbia Parties shall pay to each Business Employee who is granted a Corporate Incentive Plan award issued under the NiSource Inc. 2010 Omnibus Incentive Plan (a “**CIP Award**”), with respect to the 2015 performance period ending on the Distribution Date, a cash payment equal to the CIP Award earned by such Business Employee for such period pursuant to the terms of the NiSource Inc. Corporate Incentive Plan. Prior to the date of such payment, the NiSource Parties shall provide to Columbia documentation detailing the amount of the CIP Award payable to each Business Employee and shall make a cash payment to Columbia in an amount equal to the aggregate amount of such CIP Awards. Effective as of the Distribution Date, the Columbia Parties shall establish an annual bonus program for the benefit of the Business Employees that provides for the payment of annual bonuses for the 2015 performance period that begins on the Distribution Date and for subsequent fiscal years that begin after the Distribution Date, and the Columbia Parties shall be solely responsible for the payment of all bonuses earned under such program.

5.03 Severance. On or before the Distribution Date, the Columbia Parties shall assume, or enter into substantially similar change in control severance agreements with respect to, each change in control severance agreement between a NiSource Party and a Business Employee, and shall be solely responsible for all obligations of the NiSource Parties under such agreements. Effective on or before the Distribution Date, the Columbia Parties shall establish severance policies for the benefit of Business Employees that are substantially similar to the severance policies maintained by NiSource immediately prior to the Distribution Date. Effective as of the Distribution Date, Columbia shall assume, and NiSource shall have no liability or obligation with respect to, the severance benefits provided to Business Employees. Following the Distribution Date, the Columbia Parties shall be solely responsible for administering and paying all benefits under the applicable severance plans, policies or agreements with Business Employees, including Business Employees whose employment terminated prior to the Distribution Date for an eligible reason under such policies or in accordance with such agreements. It is not intended that any Business Employee will be eligible for termination or severance payments or benefits from any NiSource Party as a result of the transfer or change of employment from NiSource to any Columbia Party. Notwithstanding the preceding sentence, in the event that any such termination or severance payments or benefits become payable on account of such transfer, change or the refusal of a Business Employee to accept employment with any Columbia Party, the Columbia Parties shall indemnify each of the NiSource Parties for the amount of such termination or severance payments or benefits.

ARTICLE VI

STOCK PLANS

6.01 Columbia Stock Plans. Effective on or before the Distribution Date, the Columbia Parties shall adopt, establish and maintain Columbia Stock Plans that are substantially similar to the NiSource Stock Plans (the “**Columbia Stock Plans**”).

6.02 Restricted Stock Units.

(a) **RSUs Held by Columbia Employees**. NiSource and Columbia shall take any and all action as shall be necessary or appropriate, including approval of the provisions of this Section 6.02(a) by the Columbia Board and the NiSource Compensation Committee pursuant to the terms of the applicable NiSource Stock Plan, the applicable Columbia Stock Plan and this Agreement, so that each NiSource RSU Award held at the close of business on the Distribution Date by any Columbia Employee shall be replaced with a substitute Columbia restricted stock unit award granted under the applicable Columbia Stock Plan (a “**Substitute Columbia RSU Award**”). The number of Columbia restricted stock units subject to the Substitute Columbia RSU Award will be equal to the number of NiSource restricted stock units subject to the NiSource RSU Award held by the participant at the close of business on the Distribution Date multiplied by a fraction, the numerator of which is the NiSource Pre-Distribution Stock Price, and the denominator of which is the Columbia Post-Distribution Stock Price. Each Substitute Columbia RSU Award shall vest and be payable based on the holder’s employment or service with the Columbia Parties. Each Substitute Columbia RSU Award shall have substantially the same terms and conditions as the corresponding NiSource RSU Award, except as provided herein.

(b) **RSUs Held by Columbia Non-Employee Directors**. NiSource and Columbia shall take any and all action as shall be necessary or appropriate, including approval of the provisions of this Section 6.02(b) by the Columbia Board and the NiSource Compensation Committee pursuant to the terms of the applicable NiSource Stock Plan, the applicable Columbia Stock Plan and this Agreement, so that each NiSource RSU Award held at the close of business on the Distribution Date by any non-employee director of Columbia (a “**Columbia Non-Employee Director**”) shall be treated as provided in clause (1) or (2) of this Section 6.02(b), as applicable.

(1) **Unvested NiSource RSUs**. Each NiSource RSU Award held at the close of business on the Distribution Date by a Columbia Non-Employee Director that is not yet vested as of the Distribution Date shall be replaced with a Substitute Columbia RSU Award. The number of Columbia restricted stock units subject to the Substitute Columbia RSU Award will be equal to the number of NiSource restricted stock units subject to the NiSource RSU Award held by the Columbia Non-Employee Director at the close of business on the Distribution Date multiplied by a fraction, the numerator of which is the NiSource Pre-Distribution Stock Price, and the denominator of which is the Columbia Post-Distribution Stock Price. Each Substitute Columbia RSU Award shall vest and be payable based on the Columbia Non-Employee Director’s service with the Columbia Parties. Each Substitute Columbia RSU Award shall have substantially the same terms and conditions as the corresponding NiSource RSU Award, except as provided herein.

(2) **Vested NiSource RSUs**. Each NiSource RSU Award held at the close of business on the Distribution Date by a Columbia Non-Employee Director that is fully vested as of the Distribution Date shall be retained by the Columbia Non-Employee Director, and the Columbia Non-Employee Director shall receive

an additional Columbia restricted stock unit award granted under the applicable Columbia Stock Plan (a “**Supplemental Columbia RSU Award**”). The Supplemental Columbia RSU Awards shall be fully and immediately vested as of the Distribution Date and shall be payable at the same time and under substantially the same terms and conditions as the related vested NiSource RSU Award. The number of Columbia restricted stock units subject to the Supplemental Columbia RSU Award shall be equal to the number of shares of Columbia stock that the Columbia Non-Employee Director would have received pursuant to the Distribution Agreement if the Columbia Non-Employee Director owned the shares of NiSource stock subject to the vested NiSource RSU Award.

(c) **RSUs Held by Persons Other Than Columbia Employees, Columbia Non-Employee Directors or NiSource Non-Employee Directors**. NiSource shall take any and all action as shall be necessary or appropriate, including approval of the provisions of this Section 6.02(c) by the NiSource Compensation Committee pursuant to the terms of the applicable NiSource Stock Plan and this Agreement, so that each NiSource RSU Award held at the close of business on the Distribution Date by any person who is not a Columbia Employee, Columbia Non-Employee Director or non-employee director of NiSource shall be adjusted (an “**Adjusted NiSource RSU Award**”). The number of NiSource restricted stock units subject to the Adjusted NiSource RSU Award will be equal to the number of NiSource restricted stock units subject to the NiSource RSU Award held by the holder at the close of business on the Distribution Date multiplied by a fraction, the numerator of which is the NiSource Pre-Distribution Stock Price, and the denominator of which is the NiSource Post-Distribution Stock Price. Each Adjusted NiSource RSU Award shall have substantially the same terms and conditions as the corresponding NiSource RSU Award, except as provided herein.

(d) **RSUs Held by NiSource Non-Employee Directors**. NiSource and Columbia shall take any and all action as shall be necessary or appropriate, including approval of the provisions of this Section 6.02(d) by the Columbia Board and the NiSource Compensation Committee pursuant to the terms of the applicable NiSource Stock Plan, the applicable Columbia Stock Plan and this Agreement, so that each NiSource RSU Award held at the close of business on the Distribution Date by any non-employee director of NiSource (a “**NiSource Non-Employee Director**”) shall be treated as provided in clause (1) or (2) of this Section 6.02(d), as applicable.

(1) **Unvested NiSource RSUs**. With respect to each NiSource RSU Award held at the close of business on the Distribution Date by a NiSource Non-Employee Director that is not yet vested as of the Distribution Date, the NiSource Non-Employee Director shall receive an Adjusted NiSource RSU Award. The number of NiSource restricted stock units subject to the Adjusted NiSource RSU Award will be equal to the number of NiSource restricted stock units subject to the NiSource RSU Award held by the NiSource Non-Employee Director at the close of business on the Distribution Date multiplied by a fraction, the numerator of which is the NiSource Pre-Distribution Stock Price, and the denominator of which is the NiSource Post-Distribution Stock Price. Each Adjusted NiSource RSU Award shall have substantially the same terms and conditions as the corresponding NiSource RSU Award, except as provided herein.

(2) Vested NiSource RSUs. Each NiSource RSU Award held at the close of business on the Distribution Date by a NiSource Non-Employee Director that is fully vested as of the Distribution Date shall be retained by the NiSource Non-Employee Director, and the NiSource Non-Employee Director shall receive a Supplemental Columbia RSU Award. The Supplemental Columbia RSU Awards shall be fully and immediately vested as of the Distribution Date and shall be payable at the same time and under substantially the same terms and conditions as the related vested NiSource RSU Award. The number of Columbia restricted stock units subject to the Supplemental Columbia RSU Award shall be equal to the number of shares of Columbia stock that the NiSource Non-Employee Director would have received pursuant to the Distribution Agreement if the NiSource Non-Employee Director owned the shares of NiSource stock subject to the vested NiSource RSU Award.

6.03 Performance Share Awards.

(a) Performance Share Awards Held by Columbia Employees.

(1) 2013 Performance Share Awards. NiSource and Columbia shall take any and all action as shall be necessary or appropriate, including approval of the provisions of this Section 6.03(a)(1) by the Columbia Board and the NiSource Compensation Committee pursuant to the terms of the applicable NiSource Stock Plan, the applicable Columbia Stock Plan and this Agreement, so that each NiSource Performance Share Award granted under a NiSource Stock Plan in 2013 and held at the close of business on the Distribution Date by any Columbia Employee will be replaced with a Substitute Columbia RSU Award granted under the applicable Columbia Plan. The number of NiSource Shares earned pursuant to the NiSource Performance Share Award shall be determined by the NiSource Compensation Committee based on performance results through the Distribution Date. The number of such NiSource Shares that are earned shall then be converted into a Substitute Columbia RSU Award by multiplying the number of such earned NiSource Shares by a fraction, the numerator of which is the NiSource Pre-Distribution Stock Price and the denominator of which is the Columbia Post-Distribution Stock Price. Each Substitute Columbia RSU Award shall continue to vest based on the holder's service with the Columbia Parties, and shall have the same terms and conditions as the corresponding NiSource Performance Share Award, except as provided herein.

(2) 2014 Performance Share Awards. NiSource and Columbia shall take any and all action as shall be necessary or appropriate, including approval of the provisions of this Section 6.03(a)(2) by the Columbia Board and the NiSource Compensation Committee pursuant to the terms of the applicable NiSource Stock Plan, the applicable Columbia Stock Plan and this Agreement, so that each NiSource Performance Share Award granted under a NiSource Stock Plan in 2014 and held at the close of business on the Distribution Date by any Columbia

Employee will be replaced with a Substitute Columbia RSU Award granted under the applicable Columbia Stock Plan. With respect to 50% of such NiSource Performance Share Award, the number of NiSource Shares that are deemed to have been earned as of the Distribution Date shall be equal to 50% of the target number of NiSource Shares subject to such NiSource Performance Share Award. With respect to the remaining 50% of such NiSource Performance Share Award, the number of NiSource Shares earned shall be determined by the NiSource Compensation Committee based on performance results through the Distribution Date. The number of such NiSource Shares that are earned or deemed to have been earned shall then be converted into a Substitute Columbia RSU Award by multiplying the number of such earned NiSource Shares by a fraction, the numerator of which is the NiSource Pre-Distribution Stock Price and the denominator of which is the Columbia Post-Distribution Stock Price. Each Substitute Columbia RSU Award shall continue to vest based on the holder's service with the Columbia Parties, and shall have the same terms and conditions as the corresponding NiSource Performance Share Award, except as provided herein.

(b) Performance Share Awards Held by Persons Other Than Columbia Employees.

(1) 2013 Performance Share Awards. NiSource shall take any and all action as shall be necessary or appropriate, including approval of the provisions of this Section 6.03(b)(1) by the NiSource Compensation Committee pursuant to the terms of the applicable NiSource Stock Plan and this Agreement, so that each NiSource Performance Share Award granted under a NiSource Stock Plan in 2013 and held at the close of business on the Distribution Date by any person who is not a Columbia Employee will be adjusted and paid under the terms of the NiSource Stock Plan and applicable award agreement. The number of NiSource Shares earned pursuant to the NiSource Performance Share Award shall be determined by the NiSource Compensation Committee based on performance results through the Distribution Date. The number of such NiSource Shares that are earned shall then be multiplied by a fraction, the numerator of which is the NiSource Pre-Distribution Stock Price, and the denominator of which is the NiSource Post-Distribution Stock Price. Awards shall continue to vest based on the holder's continued service with the NiSource Parties.

(2) 2014 Performance Share Awards. NiSource shall take any and all action as shall be necessary or appropriate, including approval of the provisions of this Section 6.03(b)(2) by the NiSource Compensation Committee pursuant to the terms of the applicable NiSource Stock Plan and this Agreement, so that each NiSource Performance Share Award granted under a NiSource Stock Plan in 2014 and held at the close of business on the Distribution Date by any person who is not a Columbia Employee will be adjusted and paid under the terms of the NiSource Stock Plan and applicable award agreement. With respect to 50% of such NiSource Performance Share Award, the number of NiSource Shares that are deemed to have been earned as of the Distribution Date shall be equal to 50% of the target number of NiSource Shares subject to such NiSource Performance

Share Award. With respect to the remaining 50% of such NiSource Performance Share Award, the number of NiSource Shares earned shall be determined by the NiSource Compensation Committee based on performance results through the Distribution Date. The number of such NiSource Shares that are earned or deemed to have been earned shall then be multiplied by a fraction, the numerator of which is the NiSource Pre-Distribution Stock Price, and the denominator of which is the NiSource Post-Distribution Stock Price. Each Adjusted NiSource RSU Award shall continue to vest based on the holder's continued service with the NiSource Parties.

6.04 Phantom Shares.

(a) **Phantom Stock Units Held by Columbia Employees**. NiSource and Columbia shall take any and all action as shall be necessary or appropriate, so that each NiSource Phantom Stock Unit Award held at the close of business on the Distribution Date by any Columbia Employee shall be replaced with a substitute Columbia phantom stock unit award granted under the applicable Columbia Stock Plan (a "**Substitute Columbia Phantom Stock Unit Award**"). The number of Columbia phantom stock units subject to the Substitute Columbia Phantom Stock Unit Award will be equal to the number of NiSource phantom stock units subject to the NiSource Phantom Stock Unit Award held by the participant at the close of business on the Distribution Date multiplied by a fraction, the numerator of which is the NiSource Pre-Distribution Stock Price, and the denominator of which is the Columbia Post-Distribution Stock Price. Each Substitute Columbia Phantom Stock Unit Award shall vest and be payable based on the holder's employment with the Columbia Parties. Each Substitute Columbia Phantom Stock Unit Award shall have the same terms and conditions as the corresponding NiSource Phantom Stock Unit Award, except as provided herein.

(b) **Phantom Stock Units Held by Persons Other Than Columbia Employees**. NiSource shall take any and all action as shall be necessary or appropriate, so that each NiSource Phantom Stock Unit Award held at the close of business on the Distribution Date by any person who is not a Columbia Employee shall be adjusted (an "**Adjusted NiSource Phantom Stock Unit Award**"). The number of NiSource phantom stock units subject to the Adjusted NiSource Phantom Stock Unit Award will be equal to the number of NiSource phantom stock units subject to the NiSource Phantom Stock Unit Award held by the holder at the close of business on the Distribution Date multiplied by a fraction, the numerator of which is the NiSource Pre-Distribution Stock Price, and the denominator of which is the NiSource Post-Distribution Stock Price. Each Adjusted NiSource Phantom Stock Unit Award shall have the same terms and conditions as the corresponding NiSource Phantom Stock Unit Award, except as provided herein.

6.05 Employee Stock Purchase Plans.

(a) **Establishment of the Columbia Employee Stock Purchase Plan**. On or before, but effective as of the close of business on, the Distribution Date, Columbia shall adopt, establish and maintain an employee stock purchase plan (the "**Columbia ESPP**") for the benefit of employees of the Columbia Parties that is substantially similar to the NiSource Inc. Employee Stock Purchase Plan (the "**NiSource ESPP**").

(b) **Business Employees' NiSource ESPP Elections.** Columbia shall cause the Columbia ESPP to recognize all elections made by the Business Employees under the NiSource ESPP in effect for the offering period beginning immediately prior to the Distribution Date and shall apply such elections under the Columbia ESPP for the remainder of the period or periods for which such elections are by their terms applicable. Columbia shall also take any and all action as shall be necessary or appropriate, so that each Business Employee's election under the NiSource ESPP will be adjusted to permit Business Employees to purchase only Columbia Shares in lieu of purchasing NiSource Shares.

6.06 Approval and Terms of Equity Awards. By approval of the Columbia Board and the NiSource Compensation Committee pursuant to Sections 6.01, 6.02, 6.03, 6.04 and 6.05, Columbia, as issuer of substitute and replacement awards provided hereunder, and NiSource, as sole shareholder of Columbia, shall adopt and approve, respectively, the issuance of the substitute and replacement awards provided for herein. Except as set forth above, the substitute Columbia equity awards shall be subject to the terms of the NiSource Stock Plan and applicable award agreements, except that references in such outstanding substitute and replacement Columbia awards to "Board" and "Committee" shall mean the Board, Compensation Committee or any other designated committee of Columbia (as applicable) and references to the "Company" shall mean Columbia. Notwithstanding the foregoing, substitute awards made under Columbia Stock Plans pursuant to Columbia's obligations under this Agreement shall take into account all employment and service with both NiSource and Columbia, and their respective Subsidiaries and Affiliates, for purposes of determining when such awards vest and terminate.

6.07 No Change in Control. The Distribution will not constitute a "change in control" for purposes of NiSource equity awards that are outstanding as of the Distribution Date.

ARTICLE VII

COMPENSATION MATTERS AND GENERAL BENEFIT MATTERS

7.01 Cessation of Participation in NiSource Plans and NiSource Non-ERISA Benefit Arrangements. Except as otherwise provided in this Agreement or as required by the terms of any NiSource Plan or NiSource Non-ERISA Benefit Arrangement, or by applicable law, NiSource and Columbia shall take any and all action as shall be necessary or appropriate so that participation in NiSource Plans and NiSource Non-ERISA Benefit Arrangements by all Business Employees shall terminate as of the close of business on the Distribution Date and the Columbia Parties shall cease to be participating employers under the terms of such NiSource Plans and NiSource Non-ERISA Benefit Arrangements as of such time.

7.02 Assumption of Certain Employee Related Obligations. Except as otherwise provided in this Agreement, effective as of the close of business on the Distribution Date, Columbia shall assume, and no NiSource Party shall have any further liability for, the following agreements, obligations and liabilities, and Columbia shall indemnify, defend and hold harmless each of the NiSource Indemnified Parties from and against any and all Expenses or Losses incurred or suffered by one or more of the NiSource Indemnified Parties in connection with, relating to, arising out of or due to, directly or indirectly, any of the following:

(a) all agreements entered into between any NiSource Party and any Business Employee, independent contractor or other service provider providing services related to the Transferred Business; provided that if any such agreement constitutes a Shared Contract, the benefits, obligations and liabilities under such agreement shall be allocated between NiSource and Columbia in accordance with Section 5.2 of the Distribution Agreement;

(b) all collective bargaining agreements, collective agreements, trade union agreements or works council agreements entered into between any NiSource Party and any union, works council or other body to the extent they are related to the Business Employees;

(c) all wages, salary, incentive compensation, commissions and bonuses payable to Business Employees on or after the Distribution Date, without regard to when such wages, salary, incentive compensation, commissions or bonuses are or may have been earned;

(d) all moving expenses and obligations related to relocation, repatriation, transfers or similar items incurred by or owed to any Business Employee;

(e) all immigration-related, visa, work application or similar rights, obligations and liabilities to the extent they are related to any Business Employees;

(f) all agreements entered into between (i) any NiSource Party, Columbia Party or a Former Business owned, in whole or in part, by any of the Columbia Parties and (ii) any former director of a Columbia Party or a Former Business owned, in whole or in part, by any of the Columbia Parties ("Former Columbia Directors") providing for ongoing benefits and/or compensation for such Former Columbia Directors or such Former Columbia Directors' spouses (e.g., ongoing payments of any director fees or ongoing payments related to Medicare Supplement Insurance coverage);

(g) all offer letters and letter agreements entered into between (i) any NiSource Party, Columbia Party or a Former Business owned, in whole or in part, by any of the Columbia Parties and (ii) any Business Employee providing for ongoing benefits and/or compensation for such Business Employee (e.g., enhanced severance benefits or ongoing financial and tax planning assistance); and

(h) all liabilities and obligations whatsoever of the Transferred Business with respect to claims made by or with respect to Business Employees, or any other to the extent their employment duties related to the Transferred Business, relating to any employee benefit plan, program or policy not otherwise retained or assumed by NiSource pursuant to this Agreement, including such liabilities relating to actions or omissions of or by the Columbia Parties or any officer, director, employee or agent thereof prior to the Distribution Date.

7.03 Restrictive Covenants in Employment and Other Agreements. To the extent permitted under applicable law, following the Distribution, the Columbia Parties shall be considered to be successors to the NiSource Parties for purposes of all agreements containing restrictive covenants (including confidentiality and non-competition provisions) between any

NiSource Party and any Business Employee executed prior to the Distribution Date such that each NiSource Party and each Columbia Party shall all enjoy the rights and benefits under such agreements, with respect to their respective business operations; provided, however, that (a) in no event shall any NiSource Party be permitted to enforce any restrictive covenants against any Business Employees in their capacity as employees of any Columbia Party and (b) in no event shall any Columbia Party be permitted to enforce the restrictive covenant agreements against any NiSource employees in their capacity as employees of any NiSource Party.

7.04 Past Service Credit. With respect to all Business Employees, as of the Distribution Date, the Columbia Parties shall recognize all service recognized under the comparable NiSource Plans and NiSource Non-ERISA Benefit Arrangements for purposes of determining eligibility, participation, vesting and calculation of benefits under comparable plans and programs maintained by the Columbia Parties, provided that there shall be no duplication of benefits for Business Employees under such Columbia Party plans and programs. NiSource will provide to Columbia copies of any records available to NiSource to document such service, plan participation and membership and cooperate with Columbia to resolve any discrepancies or obtain any missing data for purposes of determining benefit eligibility, participation, vesting and calculation of benefits with respect to the Business Employees. With respect to retaining, destroying, transferring, sharing, copying and permitting access to all such information, NiSource and Columbia shall each comply with all applicable Laws, regulations and internal policies and each party shall indemnify and hold harmless the other party from and against any and all Liability, claims, actions and damages that arise from a failure (by the indemnifying party) to so comply with all applicable Laws, regulations and internal policies applicable to such information.

7.05 Accrued Vacation Days Off. Effective as of the Distribution Date, the Columbia Parties shall recognize and assume all liability for all vacation, holiday, sick leave and personal days off, including banked vacation, accrued by Business Employees as of the Distribution Date, and the Columbia Parties shall credit each Business Employee with such days off accrual.

7.06 Leaves of Absence. The Columbia Parties shall continue to apply all leave of absence policies as in effect immediately prior to the Distribution to inactive Business Employees who are on an approved leave of absence as of the Distribution Date. Leaves of absence taken by Business Employees prior to the Distribution Date shall be deemed to have been taken as employees of Columbia.

7.07 NiSource Assets. Except as otherwise set forth herein, NiSource shall retain all reserves, bank accounts, trust funds or other balances maintained with respect to NiSource Non-ERISA Benefit Arrangements.

7.08 Further Cooperation; Personnel Records; Data Sharing. The parties shall provide each other such records and information as reasonably necessary or appropriate to carry out their obligations under law, under this Agreement or for the purposes of administering their respective plans and policies, including information relating to the vesting, exercise and employment status of persons holding equity compensation awards in the common stock of the other party. Each party shall be responsible for the accuracy of records and information provided to the other party pursuant to this Section 7.08 and shall indemnify such other party for any losses caused by inaccurate information that it has provided. Subject to applicable law, all information and records regarding employment and personnel matters of Business Employees shall be

accessed, retained, held, used, copied and transmitted after the Distribution Date by Columbia in accordance with all Laws and policies relating to the collection, storage, retention, use, transmittal, disclosure and destruction of such records. Access to such records after the Distribution Date will be provided to NiSource in accordance with Article IX of the Distribution Agreement. Notwithstanding the foregoing, NiSource shall retain reasonable access to those records necessary for NiSource's continued administration of any plans or programs on behalf of Business Employees after the Distribution Date, and Columbia shall retain reasonable access to those records necessary for Columbia's administration of any equity award or other compensation or benefit payable or administered by the Columbia Parties after the Distribution Date, provided that such access shall be limited to individuals who have a job-related need to access such records. NiSource shall also retain copies of all confidentiality and non-compete agreements with any Business Employee in which NiSource has a valid business interest. With respect to retaining, destroying, transferring, sharing, copying and permitting access to all such information, NiSource and Columbia shall each comply with all applicable Laws, regulations and internal policies, and each party shall indemnify and hold harmless the other party from and against any and all liability, claims, actions and damages that arise from a failure (by the indemnifying party) to so comply with all applicable Laws, regulations and internal policies applicable to such information.

ARTICLE VIII

GENERAL PROVISIONS

8.01 Employment and Plan Rights. Notwithstanding anything to the contrary in this Agreement, the Parties expressly acknowledge and agree that (a) this Agreement is not intended to create an employment-related contract between any of the NiSource Parties or the Columbia Parties, on the one hand, and any employee or service provider, on the other, nor may any current or former employee or service provider rely on this Agreement as the basis for any breach of any employment-related contract claim against any of the NiSource Parties or Columbia Parties, (b) nothing in this Agreement shall be deemed or construed to require any of the NiSource Parties or Columbia Parties to continue to employ any particular employee or service provider for any period before or after the Distribution Date, (c) nothing in this Agreement shall be deemed or construed to limit the right of the NiSource Parties or Columbia Parties to terminate the employment of any employee or service provider at any time before or after the Distribution Date and (d) nothing in this Agreement shall be construed as establishing or amending any Pension Plan, Welfare Plan or Non-ERISA Benefit Arrangement, or any other plan, policy, agreement or arrangement for the benefit of any employee or any other person.

8.02 Labor Relations. To the extent required by applicable law or any Contract or arrangement with a labor union, works council or similar employee organization, Columbia shall provide notice, engage in consultation and take any similar action which may be required on its part in connection with the Distribution and shall fully indemnify each NiSource Party against any Liabilities arising from its failure to comply with such requirements.

8.03 Confidentiality. Each Party agrees that any information conveyed or otherwise received by or on behalf of a Party in conjunction herewith is confidential and is subject to the terms of the confidentiality provisions set forth in Section 9.8 of the Distribution Agreement.

8.04 Administrative Complaints/Litigation. Except as otherwise provided in this Agreement, following the Distribution Date, Columbia shall assume, and be solely liable for, the handling, administration, investigation and defense of actions, including ERISA, occupational safety and health, employment standards, union grievances, wrongful dismissal, discrimination or human rights and unemployment compensation claims, asserted at any time against NiSource or Columbia by any Business Employee (including any dependent or beneficiary of any Business Employee), or any other person to the extent such actions or claims arise out of or relate to employment or the provision of services (whether as an employee, contractor, consultant or otherwise) to or with the Transferred Business. Any Losses arising from such actions shall be deemed Assumed Actions under the Distribution Agreement.

8.05 Reimbursement and Indemnification. The parties hereto agree to reimburse each other, within 30 days of receipt from the other party of appropriate verification, for all costs and expenses which each may incur on behalf of the other as a result of any of the Welfare Plans, Pension Plans and Non-ERISA Benefit Arrangements and, as contemplated by Section 5.03, any termination or severance payments or benefits. All liabilities retained, assumed or indemnified against by Columbia pursuant to this Agreement shall be subject to indemnification under Section 8.2 of the Distribution Agreement and all liabilities retained, assumed or indemnified against by NiSource pursuant to this Agreement shall be subject to indemnification under Section 8.3 of the Distribution Agreement, and all such liabilities shall be subject to the indemnification procedures set forth in Article VIII of the Distribution Agreement.

8.06 Entire Agreement. This Agreement, including any schedules hereto and the sections of the Distribution Agreement referenced herein, constitutes the entire agreement between the parties with respect to the subject matter contained herein, and supersedes all prior agreements, negotiations, discussions, understandings, writings and commitments between any of the NiSource Parties, on the one hand, and any of the Columbia Parties, on the other hand, with respect to such subject matter contained herein.

8.07 Dispute Resolution. The parties agree that any dispute, controversy or claim between them with respect to the matters covered hereby shall be governed by and resolved in accordance with Section 10.2 of the Distribution Agreement.

8.08 Governing Law. This Agreement shall be governed by and construed in accordance with the internal Laws (as opposed to the conflicts of Law provisions) of the State of Delaware.

8.09 Submission to Jurisdiction; Waiver of Jury Trial. Each of NiSource, on behalf of itself and each of the NiSource Parties, and Columbia, on behalf of itself and each of the Columbia Parties, hereby irrevocably (a) submits in any Dispute to the exclusive jurisdiction of the United States District Court for the Northern District of Illinois and the jurisdiction of any court of the State of Illinois located in Chicago, Illinois, (b) waives any and all objections to jurisdiction that it may have under the Laws of the State of Illinois or the United States, (c) agrees that service of any process, summons, notice or document by U.S. registered mail to its respective address set forth in Section 10.11 of the Distribution Agreement shall be effective service of process for any litigation brought against it in any such court and (d) UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO TRIAL BY JURY IN CONNECTION WITH ANY DISPUTE (AS DEFINED IN THE DISTRIBUTION AGREEMENT).

8.10 Amendment. This Agreement shall not be amended, modified or supplemented except by a written instrument signed by an authorized representative of each of NiSource and Columbia.

8.11 Waiver. Any term or provision of this Agreement may be waived, or the time for its performance may be extended, by the party or parties entitled to the benefit thereof. Any such waiver shall be validly and sufficiently given for the purposes of this Agreement if, as to any party, it is in writing signed by an authorized representative of such party. The failure of either party to enforce at any time any provision of this Agreement shall not be construed to be a waiver of such provision, or in any way to affect the validity of this Agreement or any part hereof or the right of any party thereafter to enforce each and every such provision. No waiver of any breach of this Agreement shall be held to constitute a waiver of any other or subsequent breach.

8.12 Partial Invalidity. Wherever possible, each provision hereof shall be construed in a manner as to be effective and valid under applicable Law, but in case any one or more of the provisions contained herein shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such provision shall be ineffective to the extent, but only to the extent of such invalidity, illegality or unenforceability without invalidating the remainder of such invalid, illegal or unenforceable provision or provisions or any other provision hereof, unless such a construction would be unreasonable.

8.13 Execution in Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original instrument, but both of which shall be considered one and the same agreement, and shall become binding when the counterparts have been signed by and delivered to each of the parties hereto. Delivery of an executed counterpart of a signature page to this Agreement by facsimile or .pdf shall be as effective as delivery of a manually executed counterpart to this Agreement.

8.14 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties and their successors and permitted assigns; provided, however, that the rights and obligations of either party under this Agreement shall not be assignable by such party without the prior written consent of the other party. The successors and permitted assigns hereunder shall include any permitted assignee as well as the successors in interest to such permitted assignee (whether by merger, liquidation (including successive mergers or liquidations) or otherwise).

8.15 No Third-Party Beneficiaries. No Business Employee or other current or former employee of the NiSource Parties or Columbia Parties (or his/her spouse, dependent or beneficiary), or any other person not a party to this Agreement, shall be entitled to assert any claim hereunder. The provisions of this Agreement are solely for the benefit of the parties hereto and their respective successors and permitted assigns, and nothing herein express or implied shall give or be construed to give to any other Person any legal or equitable rights hereunder.

8.16 Notices. All notices or other communications under this Agreement shall be in writing and shall be deemed to be duly given when delivered or mailed in accordance with the terms of Section 10.11 of the Distribution Agreement.

8.17 Performance. NiSource will cause to be performed and hereby guarantees the performance of all actions, agreements and obligations set forth herein to be performed by any NiSource Party. Columbia will cause to be performed and hereby guarantees the performance of all actions, agreements and obligations set forth herein to be performed by any Columbia Party. This Agreement is being entered into by NiSource and Columbia on behalf of themselves and the members of their respective groups (the NiSource Parties and the Columbia Parties). This Agreement shall constitute a direct obligation of each such entity and shall be deemed to have been readopted and affirmed on behalf of any Person that becomes a Subsidiary of NiSource or Columbia on and after the Effective Time.

8.18 Force Majeure. No party shall be deemed in default of this Agreement to the extent that any delay or failure in the performance of its obligations under this Agreement results from any cause beyond its reasonable control and without its fault or negligence, including acts of God, acts of civil or military authority, embargoes, acts of terrorism, epidemics, war, riots, insurrections, fires, explosions, earthquakes, floods, unusually severe weather conditions, labor problems or unavailability of parts, or, in the case of computer systems, any failure in electrical or air conditioning equipment. In the event of any such excused delay, the time for performance shall be extended for a period equal to the time lost by reason of the delay. A party claiming the benefit of this provision shall, as soon as reasonably practicable after the occurrence of any such event, (a) notify the other party of the nature and extent of any such force majeure condition and (b) use due diligence to remove any such causes and resume performance under this Agreement as soon as reasonably feasible.

8.19 No Public Announcement. Neither party hereto shall, without the prior written approval of the other party, make any press release or other public announcement concerning the transactions contemplated by this Agreement, except as and to the extent that any such party shall be so obligated by Law or the rules of any regulatory body or stock exchange, in which case the other party shall be advised and the parties shall use their respective commercially reasonable efforts to cause a mutually agreeable release or announcement to be issued; provided, however, that the foregoing shall not preclude communications or disclosures necessary to implement the provisions of this Agreement or to comply with the accounting and SEC disclosure obligations or the rules of any stock exchange.

8.20 Limited Liability. Notwithstanding any other provision of this Agreement, no Person who is a stockholder, director, employee, officer, agent or Representative of Columbia or NiSource, in such individual's capacity as such, shall have any liability in respect of or relating to the covenants or obligations of Columbia or NiSource, as applicable, under this Agreement or any Transaction Agreement or in respect of any certificate delivered with respect hereto or thereto, and, to the fullest extent legally permissible, each of Columbia and NiSource, for itself and its stockholders, directors, employees, officers and Affiliates, waives and agrees not to seek to assert or enforce any such liability that any such individual otherwise might have pursuant to applicable Law.

8.21 Effect if Distribution Does Not Occur. Notwithstanding anything in this Agreement to the contrary, if the Distribution Agreement is terminated prior to the Distribution, this Agreement shall be of no further force and effect.

8.22 Miscellaneous . Except as otherwise expressly set forth in this Agreement, the provisions of Article X of the Separation and Distribution Agreement shall apply *mutatis mutandis* to this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their authorized representatives as of the date first above written.

NISOURCE INC.

By: /s/ Joseph Hamrock
Name: Joseph Hamrock
Title: Executive Vice President and Group CEO

COLUMBIA PIPELINE GROUP, INC.

By: /s/ Robert C. Skaggs, Jr.
Name: Robert C. Skaggs, Jr.
Title: Chief Executive Officer



NEWS RELEASE

July 2, 2015

NiSource, Columbia Pipeline Group complete separation

MERRILLVILLE, Ind. & HOUSTON – NiSource Inc. (NYSE: NI) and Columbia Pipeline Group (NYSE: CPGX) (“CPG”) announced today that the separation of the two companies was completed successfully through a distribution of all the common stock of CPG held by NiSource to NiSource shareholders.

Under the terms of the distribution, effective at 11:59 p.m., New York City time, on July 1, 2015, NiSource shareholders were distributed one (1) share of CPG stock for every one (1) share of NiSource common stock they held as of 5:00 p.m. CT on June 19, 2015, the record date.

Beginning with today’s market open, CPG will begin “regular way” trading on the NYSE as an independent public company under the symbol “CPGX.”

As of the separation, NiSource, based in Merrillville, Indiana, remains one of the largest natural gas utility companies in the United States, serving more than 3.5 million customers in seven states under the Columbia Gas and NIPSCO brands. The company also provides electric distribution, generation and transmission services for approximately 500,000 NIPSCO electric customers in northern Indiana. NiSource will continue to be listed on the New York Stock Exchange (NYSE: NI). Additional information about NiSource can be found at www.nisource.com.

“As a pure-play utility company, NiSource offers a fully regulated platform for growth with a storied track record of execution on stakeholder-supported system enhancement opportunities, which are expected to exceed \$30 billion over the next 20-plus years,” said NiSource President and Chief Executive Officer **Joseph Hamrock**. “This straightforward and well-established plan is underpinned by a deep commitment to safety, customer service, environmental sensitivity and employee engagement.”

CPG, based in Houston, includes Columbia Gas Transmission, Columbia Gulf Transmission, Columbia Midstream Group, its ownership interest in Columbia Pipeline Partners LP (NYSE: CPPL), and other natural gas pipeline, storage and midstream holdings previously owned by NiSource. In total CPG operates more than 15,000 miles of natural gas transmission pipelines, nearly 300 billion cubic feet of underground natural gas storage working capacity, and a growing portfolio of midstream and related facilities. Additional information about CPG can be found at www.cpg.com.

“As an independent company, we are committed to unlocking significant value and enabling even greater growth investment,” said CPG Chairman and Chief Executive Officer **Robert C. Skaggs, Jr.** “We are actively executing on a significant number of transformational growth opportunities, as well as our landmark long-term system modernization program. These investments are expected to drive robust adjusted EBITDA and dividend growth and triple CPG’s net investment by 2020.”

About NiSource

NiSource Inc. (NYSE: NI) is one of the largest fully-regulated utility companies in the United States, serving approximately 3.5 million natural gas customers and 500,000 electric customers across seven states through its local Columbia Gas and NIPSCO brands. Based in Merrillville, Indiana, NiSource's more than 7,000 employees are focused on safely delivering reliable and affordable energy to our customers and communities we serve. NiSource has been designated a World's Most Ethical Company by the Ethisphere Institute since 2012 and is a member of the Dow Jones Sustainability – North America Index. Additional information about NiSource, its investments in modern infrastructure and systems, its commitments and its local brands can be found at www.nisource.com. NI-F

About Columbia Pipeline Group

Columbia Pipeline Group operates approximately 15,000 miles of strategically located interstate pipeline, gathering and processing assets extending from New York to the Gulf of Mexico, including an extensive footprint in the Marcellus and Utica Shale production areas. CPG also operates one of the nation's largest underground natural gas storage systems. CPG is listed on the NYSE under the ticker symbol CPGX. Additional information can be found at www.cpg.com.

Forward-Looking Statements

This news release contains forward-looking statements within the meaning of federal securities laws. These forward-looking statements are subject to various risks and uncertainties. Examples of forward-looking statements in this release include statements and expectations regarding NiSource's and CPG's business, performance and growth following the separation. Factors that could cause actual results to differ materially from the projections, forecasts, estimates and expectations discussed in this release include, among other things; disruption to operations as a result of the separation; the inability of one or more of the businesses to operate independently following the completion of the separation; weather; fluctuations in supply and demand for energy commodities; growth opportunities for NiSource's and CPG's businesses; increased competition in deregulated energy markets; the success of regulatory and commercial initiatives; dealings with third parties over whom NiSource and CPG has no control; actual operating experience of NiSource's and CPG's assets; the regulatory process; regulatory and legislative changes; changes in general economic, capital and commodity market conditions; and counter-party credit risk, and the matters set forth in the "Risk Factors" section in NiSource's 2014 Form 10-K as well as CPG's Form 10 filed with the Securities and Exchange Commission, many of which are beyond the control of NiSource and CPG. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this news release. Each of NiSource and CPG expressly disclaims any obligation to update, amend or clarify any of the forward-looking statements contained in this release to reflect events, new information or circumstances occurring after the date of this release except as required by applicable law.

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Introduction to the Pro Forma Condensed Consolidated Financial Statements (unaudited)

On July 1, 2015, NiSource Inc. (“NiSource”) completed the separation of Columbia Pipeline Group, Inc. (“CPG”) (NYSE: CPGX) to NiSource stockholders (the “Separation”). CPG is a Delaware corporation formed by NiSource to own, operate and develop a portfolio of pipelines, storage and related midstream assets. The Separation was completed through a special stock dividend, which consisted of a distribution of one share of CPG common stock for every one share of NiSource common stock.

The Pro Forma Condensed Consolidated Financial Statements (unaudited) of NiSource have been derived from its historical consolidated financial statements and should be read in conjunction with the consolidated financial statements and notes thereto included in NiSource’s Annual Report on Form 10-K for the year ended December 31, 2014, and NiSource’s Quarterly Report on Form 10-Q for the three months ended March 31, 2015. The Pro Forma Condensed Consolidated Financial Statements (unaudited) are being presented to give effect to the Separation. Effective with the filing of NiSource’s Quarterly Report on Form 10-Q for the three and nine months ended September 30, 2015, CPG will be reported as discontinued operations.

The Pro Forma Condensed Consolidated Balance Sheet (unaudited) assumes the Separation occurred on March 31, 2015. The Pro Forma Condensed Consolidated Income Statements (unaudited) assume the Separation occurred on January 1, 2012. These pro forma financial statements are for illustrative purposes only and do not reflect what NiSource’s financial position and results of operations would have been had the Separation occurred on the dates indicated above and are not necessarily indicative of NiSource’s future financial position and future results of operations. The pro forma adjustments are based on available information and certain assumptions management believes are factually supportable and are expected to have a continuing impact on NiSource’s results of operations. The actual adjustments that would have been made had the Separation occurred on the dates indicated above may have differed from the pro forma adjustments.

The adjustments to reflect the Separation of CPG include:

- CPG’s issuance of \$2,750.0 million of debt securities and subsequent cash payment to NiSource of \$2,528.0 million from net proceeds.
- Repayment of approximately \$2,256.5 million of long-term debt, the loss on extinguishment of debt and the elimination of interest expense and other financing costs.
- Separation of CPG through a distribution to NiSource stockholders of all of the outstanding shares of common stock of CPG.
- Reclassification of cost of gas from natural gas storage and transportation provided by CPG to NiSource affiliates, previously eliminated in consolidation, as third-party transactions as such services will continue after the Separation.
- Adjustments for one-time costs incurred in the Separation.
- Reclassification of affiliated payable balances as non-affiliate.
- Adjustments of tax balances to reflect the Separation.

Refer to the Notes to Pro Forma Condensed Consolidated Financial Statements (unaudited) for further information on significant pro forma adjustments and assumptions.

NiSource Inc. and Subsidiaries

Pro Forma Condensed Consolidated Balance Sheet (unaudited)

March 31, 2015

<i>(in millions)</i>	NiSource Historical	CPG Notes Offering (a)	NiSource Debt Retirement (b)	Separation of CPG (c)	Pro Forma Adjustments	NiSource Pro Forma
ASSETS						
Property, Plant and Equipment						
Utility plant	\$25,593.9	\$ —	\$ —	\$(8,121.6)	\$ —	\$17,472.3
Accumulated depreciation and amortization	(9,686.7)	—	—	3,006.7	—	(6,680.0)
Net utility plant	15,907.2	—	—	(5,114.9)	—	10,792.3
Other property, at cost, less accumulated depreciation	376.2	—	—	—	—	376.2
Net Property, Plant and Equipment	16,283.4	—	—	(5,114.9)	—	11,168.5
Investments and Other Assets						
Unconsolidated affiliates	447.9	—	—	(440.3)	—	7.6
Other investments	208.7	—	—	(2.6)	—	206.1
Total Investments and Other Assets	656.6	—	—	(442.9)	—	213.7
Current Assets						
Cash and cash equivalents	42.0	2,721.0	(2,358.0)	(200.3)	—	204.7
Restricted cash	21.6	—	—	—	—	21.6
Accounts receivable	1,152.0	—	—	(125.3)	—	1,026.7
Gas inventory	134.4	—	—	—	—	134.4
Underrecovered gas and fuel costs	25.5	—	—	—	—	25.5
Materials and supplies, at average cost	109.0	—	—	(25.2)	—	83.8
Electric production fuel, at average cost	75.5	—	—	—	—	75.5
Exchange gas receivable	77.0	—	—	(28.2)	—	48.8
Regulatory assets	159.5	—	—	(7.7)	—	151.8
Deferred income taxes	277.2	—	—	(49.2)	—	228.0
Prepayments and other	187.3	—	—	(60.8)	—	126.5
Total Current Assets	2,261.0	2,721.0	(2,358.0)	(496.7)	—	2,127.3
Other Assets						
Regulatory assets	1,683.2	—	—	(148.4)	—	1,534.8
Goodwill	3,666.2	—	—	(1,975.5)	—	1,690.7
Intangible assets	261.9	—	—	—	—	261.9
Deferred charges and other	86.6	25.0	(2.3)	(40.4)	—	68.9
Total Other Assets	5,697.9	25.0	(2.3)	(2,164.3)	—	3,556.3
Total Assets	\$24,898.9	\$ 2,746.0	\$ (2,360.3)	\$(8,218.8)	\$ —	\$17,065.8

See accompanying Notes to Pro Forma Condensed Consolidated Financial Statements (unaudited).

NiSource Inc. and Subsidiaries

Pro Forma Condensed Consolidated Balance Sheet (unaudited)

March 31, 2015

(Continued)

	NiSource Historical	CPG Notes Offering (a)	NiSource Debt Retirement (b)	Separation of CPG (c)	Pro Forma Adjustments	NiSource Pro Forma
<i>(in millions, except share amounts)</i>						
CAPITALIZATION AND LIABILITIES						
Capitalization						
NiSource Common Stockholders' Equity						
Common stock - \$0.01 par value, 400,000,000 shares authorized; 317,281,405 shares outstanding	\$ 3.2	\$ —	\$ —	\$ —	\$ —	\$ 3.2
Additional paid-in capital	5,048.4	—	—	—	—	5,048.4
Retained earnings	1,597.5	—	(58.3)	(2,550.9)	3.7 (e)	(1,022.1)
					(14.1) (g)	
Accumulated other comprehensive loss	(46.6)	—	—	25.1	—	(21.5)
Treasury stock	(79.0)	—	—	—	—	(79.0)
Total NiSource Common Stockholders' Equity	6,523.5	—	(58.3)	(2,525.8)	(10.4)	3,929.0
Noncontrolling interest in consolidated subsidiaries	946.2	—	—	(946.2)	—	—
Total Equity	7,469.7	—	(58.3)	(3,472.0)	(10.4)	3,929.0
Long-term debt, excluding amounts due within one year	7,957.9	2,746.0	(1,823.7)	(2,746.0)	—	6,134.2
Total Capitalization	15,427.6	2,746.0	(1,882.0)	(6,218.0)	(10.4)	10,063.2
Current Liabilities						
Current portion of long-term debt	462.7	—	(431.5)	—	—	31.2
Short-term borrowings	314.0	—	—	—	—	314.0
Accounts payable	563.9	—	—	(44.2)	14.1 (g)	533.8
Dividends payable	82.4	—	—	—	—	82.4
Customer deposits and credits	172.6	—	—	(14.0)	—	158.6
Taxes accrued	287.1	—	(38.9)	(96.5)	—	151.7
Interest accrued	81.4	—	(7.9)	—	—	73.5
Overrecovered gas and fuel costs	172.3	—	—	—	—	172.3
Exchange gas payable	65.8	—	—	(28.0)	—	37.8
Deferred revenue	25.5	—	—	(22.4)	—	3.1
Regulatory liabilities	102.0	—	—	(9.6)	—	92.4
Accrued capital expenditures	80.3	—	—	(80.3)	—	—
Accrued liability for postretirement and postemployment benefits	5.9	—	—	—	—	5.9
Legal and environmental	25.4	—	—	(0.7)	—	24.7
Other accruals	317.1	—	—	(57.3)	(3.7) (e)	256.1
Total Current Liabilities	2,758.4	—	(478.3)	(353.0)	10.4	1,937.5
Other Liabilities and Deferred Credits						
Deferred income taxes	3,803.5	—	—	(1,284.6)	—	2,518.9
Deferred investment tax credits	16.7	—	—	—	—	16.7
Deferred credits	105.5	—	—	—	—	105.5
Accrued liability for postretirement and postemployment benefits	653.7	—	—	57.4	—	711.1
Regulatory liabilities	1,678.6	—	—	(299.0)	—	1,379.6
Asset retirement obligations	160.9	—	—	(23.5)	—	137.4
Other noncurrent liabilities	294.0	—	—	(98.1)	—	195.9
Total Other Liabilities and Deferred Credits	6,712.9	—	—	(1,647.8)	—	5,065.1
Commitments and Contingencies						
	—	—	—	—	—	—
Total Capitalization and Liabilities	<u>\$24,898.9</u>	<u>\$ 2,746.0</u>	<u>\$ (2,360.3)</u>	<u>\$(8,218.8)</u>	<u>\$ —</u>	<u>\$17,065.8</u>

See accompanying Notes to Pro Forma Condensed Consolidated Financial Statements (unaudited).

NiSource Inc. and Subsidiaries

Pro Forma Condensed Consolidated Income Statement (unaudited)

Three Months Ended March 31, 2015

<i>(in millions, except per share amounts)</i>	NiSource Historical	Separation of CPG (c)	Pro Forma Adjustments	NiSource Pro Forma
Net Revenues				
Gas Distribution	\$1,080.7	\$ —	\$ —	\$ 1,080.7
Gas Transportation and Storage	628.0	(258.7)	—	369.3
Electric	394.7	—	—	394.7
Other	46.3	(39.1)	—	7.2
Gross Revenues	2,149.7	(297.8)	—	1,851.9
Cost of Sales (excluding depreciation and amortization)	806.0	(0.1)	42.2 (d)	848.1
Total Net Revenues	<u>1,343.7</u>	<u>(297.7)</u>	<u>(42.2)</u>	<u>1,003.8</u>
Operating Expenses				
Operation and maintenance	574.1	(118.4)	(20.5) (e)	435.2
Depreciation and amortization	157.5	(32.5)	—	125.0
Gain on sale of assets, net	(5.0)	5.3	—	0.3
Other taxes	102.4	(19.1)	—	83.3
Total Operating Expenses	<u>829.0</u>	<u>(164.7)</u>	<u>(20.5)</u>	<u>643.8</u>
Equity Earnings in Unconsolidated Affiliates	<u>15.4</u>	<u>(15.4)</u>	<u>—</u>	<u>—</u>
Operating Income	<u>530.1</u>	<u>(148.4)</u>	<u>(21.7)</u>	<u>360.0</u>
Other Income (Deductions)				
Interest expense, net	(111.0)	(1.2)	32.9 (b)	(79.3)
Other, net	7.1	(4.6)	—	2.5
Total Other Deductions	<u>(103.9)</u>	<u>(5.8)</u>	<u>32.9</u>	<u>(76.8)</u>
Income from Continuing Operations before Income Taxes	426.2	(154.2)	11.2	283.2
Income Taxes	150.9	(54.0)	4.5 (f)	101.4
Income from Continuing Operations	<u>275.3</u>	<u>(100.2)</u>	<u>6.7</u>	<u>181.8</u>
Less: Income attributable to noncontrolling interest	6.9	(6.9)	—	—
Income attributable to NiSource	<u>\$ 268.4</u>	<u>\$ (93.3)</u>	<u>\$ 6.7</u>	<u>\$ 181.8</u>
Income from continuing operations per share:				
Basic	\$ 0.85			\$ 0.57
Diluted	\$ 0.85			\$ 0.57
Average common shares outstanding				
Basic	316.6			316.6
Diluted	317.4			317.4

See accompanying Notes to Pro Forma Condensed Consolidated Financial Statements (unaudited).

NiSource Inc. and Subsidiaries

Pro Forma Condensed Consolidated Income Statement (unaudited)

Three Months Ended March 31, 2014

<i>(in millions, except per share amounts)</i>	NiSource Historical	Separation of CPG (c)	Pro Forma Adjustments	NiSource Pro Forma
Net Revenues				
Gas Distribution	\$1,215.0	\$ —	\$ —	\$ 1,215.0
Gas Transportation and Storage	578.5	(230.0)	—	348.5
Electric	450.0	—	—	450.0
Other	77.0	(73.6)	—	3.4
Gross Revenues	2,320.5	(303.6)	—	2,016.9
Cost of Sales (excluding depreciation and amortization)	1,061.3	(0.1)	42.1 (d)	1,103.3
Total Net Revenues	<u>1,259.2</u>	<u>(303.5)</u>	<u>(42.1)</u>	<u>913.6</u>
Operating Expenses				
Operation and maintenance	501.2	(137.2)	—	364.0
Depreciation and amortization	148.7	(29.8)	—	118.9
Gain on sale of assets, net	(15.7)	17.5	—	1.8
Other taxes	101.1	(18.5)	—	82.6
Total Operating Expenses	<u>735.3</u>	<u>(168.0)</u>	<u>—</u>	<u>567.3</u>
Equity Earnings in Unconsolidated Affiliates	<u>9.8</u>	<u>(9.8)</u>	<u>—</u>	<u>—</u>
Operating Income	<u>533.7</u>	<u>(145.3)</u>	<u>(42.1)</u>	<u>346.3</u>
Other Income (Deductions)				
Interest expense, net	(109.1)	(1.5)	32.9 (b)	(77.7)
Other, net	4.5	(1.9)	—	2.6
Total Other Deductions	<u>(104.6)</u>	<u>(3.4)</u>	<u>32.9</u>	<u>(75.1)</u>
Income from Continuing Operations before Income Taxes	429.1	(148.7)	(9.2)	271.2
Income Taxes	162.7	(55.8)	(3.7) (f)	103.2
Income from Continuing Operations	<u>\$ 266.4</u>	<u>\$ (92.9)</u>	<u>\$ (5.5)</u>	<u>\$ 168.0</u>
Income from continuing operations per share:				
Basic	\$ 0.85			\$ 0.53
Diluted	\$ 0.85			\$ 0.53
Average common shares outstanding				
Basic	314.2			314.2
Diluted	315.1			315.1

See accompanying Notes to Pro Forma Condensed Consolidated Financial Statements (unaudited).

NiSource Inc. and Subsidiaries
Pro Forma Condensed Consolidated Income Statement (unaudited)
Year Ended December 31, 2014

<i>(in millions, except per share amounts)</i>	NiSource Historical	Separation of CPG (c)	Pro Forma Adjustments	NiSource Pro Forma
Net Revenues				
Gas Distribution	\$2,597.8	\$ —	\$ —	\$ 2,597.8
Gas Transportation and Storage	1,872.7	(885.2)	—	987.5
Electric	1,672.0	—	—	1,672.0
Other	328.1	(314.2)	—	13.9
Gross Revenues	6,470.6	(1,199.4)	—	5,271.2
Cost of Sales (excluding depreciation and amortization)	2,224.2	(0.3)	146.4 (d)	2,370.3
Total Net Revenues	4,246.4	(1,199.1)	(146.4)	2,900.9
Operating Expenses				
Operation and maintenance	2,136.3	(628.4)	(19.2) (e)	1,488.7
Depreciation and amortization	605.5	(118.8)	—	486.7
Gain on sale of assets, net	(31.5)	34.5	—	3.0
Other taxes	320.3	(67.1)	—	253.2
Total Operating Expenses	3,030.6	(779.8)	(19.2)	2,231.6
Equity Earnings in Unconsolidated Affiliates	46.6	(46.6)	—	—
Operating Income	1,262.4	(465.9)	(127.2)	669.3
Other Income (Deductions)				
Interest expense, net	(443.6)	(5.9)	131.6 (b)	(317.9)
Other, net	22.3	(8.8)	—	13.5
Total Other Deductions	(421.3)	(14.7)	131.6	(304.4)
Income from Continuing Operations before Income Taxes	841.1	(480.6)	4.4	364.9
Income Taxes	310.4	(186.6)	1.8 (f)	125.6
Income from Continuing Operations	<u>\$ 530.7</u>	<u>\$ (294.0)</u>	<u>\$ 2.6</u>	<u>\$ 239.3</u>
Income from continuing operations per share:				
Basic	\$ 1.68			\$ 0.76
Diluted	\$ 1.67			\$ 0.76
Average common shares outstanding				
Basic	315.1			315.1
Diluted	316.6			316.6

See accompanying Notes to Pro Forma Condensed Consolidated Financial Statements (unaudited).

NiSource Inc. and Subsidiaries
Pro Forma Condensed Consolidated Income Statement (unaudited)
Year Ended December 31, 2013

<i>(in millions, except per share amounts)</i>	NiSource Historical	Separation of CPG (c)	Pro Forma Adjustments	NiSource Pro Forma
Net Revenues				
Gas Distribution	\$2,226.3	\$ —	\$ —	\$ 2,226.3
Gas Transportation and Storage	1,643.2	(823.2)	—	820.0
Electric	1,563.4	—	—	1,563.4
Other	224.4	(210.0)	—	14.4
Gross Revenues	5,657.3	(1,033.2)	—	4,624.1
Cost of Sales (excluding depreciation and amortization)	1,815.5	(0.4)	147.9 (d)	1,963.0
Total Net Revenues	<u>3,841.8</u>	<u>(1,032.8)</u>	<u>(147.9)</u>	<u>2,661.1</u>
Operating Expenses				
Operation and maintenance	1,873.9	(509.0)	—	1,364.9
Depreciation and amortization	577.3	(107.0)	—	470.3
Gain on sale of assets, net	(17.5)	18.6	—	1.1
Other taxes	300.6	(62.2)	—	238.4
Total Operating Expenses	<u>2,734.3</u>	<u>(659.6)</u>	<u>—</u>	<u>2,074.7</u>
Equity Earnings in Unconsolidated Affiliates	<u>35.9</u>	<u>(35.9)</u>	<u>—</u>	<u>—</u>
Operating Income	<u>1,143.4</u>	<u>(409.1)</u>	<u>(147.9)</u>	<u>586.4</u>
Other Income (Deductions)				
Interest expense, net	(414.8)	(6.2)	131.6 (b)	(289.4)
Other, net	24.2	(17.9)	—	6.3
Total Other Deductions	<u>(390.6)</u>	<u>(24.1)</u>	<u>131.6</u>	<u>(283.1)</u>
Income from Continuing Operations before Income Taxes	<u>752.8</u>	<u>(433.2)</u>	<u>(16.3)</u>	<u>303.3</u>
Income Taxes	<u>261.9</u>	<u>(152.5)</u>	<u>(6.5) (f)</u>	<u>102.9</u>
Income from Continuing Operations	<u>\$ 490.9</u>	<u>\$ (280.7)</u>	<u>\$ (9.8)</u>	<u>\$ 200.4</u>
Income from continuing operations per share:				
Basic	\$ 1.57			\$ 0.64
Diluted	\$ 1.57			\$ 0.64
Average common shares outstanding				
Basic	312.4			312.4
Diluted	313.6			313.6

See accompanying Notes to Pro Forma Condensed Consolidated Financial Statements (unaudited).

NiSource Inc. and Subsidiaries

Pro Forma Condensed Consolidated Income Statement (unaudited)

Year Ended December 31, 2012

<i>(in millions, except per share amounts)</i>	NiSource Historical	Separation of CPG (c)	Pro Forma Adjustments	NiSource Pro Forma
Net Revenues				
Gas Distribution	\$1,959.8	\$ —	\$ —	\$ 1,959.8
Gas Transportation and Storage	1,462.4	(770.0)	—	692.4
Electric	1,507.7	—	—	1,507.7
Other	101.0	(84.1)	—	16.9
Gross Revenues	5,030.9	(854.1)	—	4,176.8
Cost of Sales (excluding depreciation and amortization)	1,516.9	(1.1)	147.9 (d)	1,663.7
Total Net Revenues	<u>3,514.0</u>	<u>(853.0)</u>	<u>(147.9)</u>	<u>2,513.1</u>
Operating Expenses				
Operation and maintenance	1,660.3	(375.9)	—	1,284.4
Depreciation and amortization	561.9	(99.4)	—	462.5
Gain on sale of assets, net	(3.8)	0.6	—	(3.2)
Other taxes	287.7	(59.2)	—	228.5
Total Operating Expenses	<u>2,506.1</u>	<u>(533.9)</u>	<u>—</u>	<u>1,972.2</u>
Equity Earnings in Unconsolidated Affiliates	<u>32.2</u>	<u>(32.2)</u>	<u>—</u>	<u>—</u>
Operating Income	<u>1,040.1</u>	<u>(351.3)</u>	<u>(147.9)</u>	<u>540.9</u>
Other Income (Deductions)				
Interest expense, net	(418.3)	(9.5)	131.6 (b)	(296.2)
Other, net	1.7	(2.1)	—	(0.4)
Total Other Deductions	<u>(416.6)</u>	<u>(11.6)</u>	<u>131.6</u>	<u>(296.6)</u>
Income from Continuing Operations before Income Taxes	<u>623.5</u>	<u>(362.9)</u>	<u>(16.3)</u>	<u>244.3</u>
Income Taxes	<u>214.7</u>	<u>(138.3)</u>	<u>(6.5) (f)</u>	<u>69.9</u>
Income from Continuing Operations	<u>\$ 408.8</u>	<u>\$ (224.6)</u>	<u>\$ (9.8)</u>	<u>\$ 174.4</u>
Income from continuing operations per share:				
Basic	\$ 1.40			\$ 0.60
Diluted	\$ 1.36			\$ 0.58
Average common shares outstanding				
Basic	291.9			291.9
Diluted	300.4			300.4

See accompanying Notes to Pro Forma Condensed Consolidated Financial Statements (unaudited).

NiSource Inc. and Subsidiaries
Notes to Unaudited Pro Forma Condensed Consolidated Financial Statements

Financing Adjustments

(a) In May 2015, Columbia Pipeline Group, Inc. (“CPG”) completed the issuance of \$2,750 million of senior notes. CPG received approximately \$2,721.0 million from the offering net of issuance costs and discounts. CPG made a cash payment to NiSource Inc. (“NiSource”) of approximately \$2,528.0 million from the proceeds of the offering. Proceeds from the cash payment from CPG to NiSource were used by NiSource for debt retirement.

(b) Represents the elimination of interest expense and other financing costs related to approximately \$2,256.5 million of debt retired post-Separation at NiSource. Interest expense was calculated using NiSource’s weighted average rate of long-term debt.

In May 2015, NiSource settled its two bank term loans in the amount of \$1,075.0 million and executed a tender offer for \$750.0 million of its 5.250% Notes due 2017, 6.400% Notes due 2018 and 4.450% Notes due 2021. Additionally, NiSource anticipates using the cash proceeds to repay \$230.0 million of private placement debt maturing in November 2015 and \$201.5 million of senior unsecured debt due to mature in March 2016. In conjunction with the retired debt, NiSource paid premiums of \$91.7 million, accrued interest of \$7.9 million, and recognized charges of \$2.3 million, \$1.9 million and \$1.3 million related to the write-off of unamortized debt issuance costs, dealer manager fees and unamortized discount, respectively. The impact of these charges within retained earnings reflects the application of a blended statutory tax rate of 40 percent.

Distribution Adjustments

(c) On July 1, 2015, NiSource completed the Separation. Amounts presented are the adjustments to remove the historical balances and results of operations for the natural gas pipeline and related businesses from NiSource’s consolidated financial statements. Balances are net of affiliated transactions.

Other Pro Forma Adjustments

(d) Represents the reclassification of cost of gas from natural gas storage and transportation provided by CPG to NiSource affiliates, previously eliminated in consolidation, as third-party transactions. Such services are expected to continue after the Separation.

(e) Reflects adjustments for one-time costs incurred in the Separation. These costs have been eliminated from the income statement as the charges are nonrecurring. Charges accrued have been included as an adjustment in the balance sheet. We expect to incur additional charges after the Separation; however, such amounts have not been included as pro forma adjustments as the amounts are not objectively determinable or factually supportable.

(f) Represents the tax effect of the pro forma adjustments to income using a blended statutory rate of 40 percent for all periods.

(g) Reclassification of affiliated payable balances with CPG to non-affiliated.

Following the Separation, we anticipate changes to operating expenses associated with shared corporate services functions. No pro forma adjustments have been made for these expenses as an estimate of the changes to these expenses is not objectively determinable.

In connection with the Separation, we entered into the Separation and Distribution Agreement and several other agreements with CPG to effect the Separation and provide a framework for our relationship with CPG after the distribution. These other agreements include:

- Transition Services Agreements;
- Tax Allocation Agreement; and
- Employee Matters Agreement.

No adjustments have been made related to these agreements as any such adjustments would be considered not objectively determinable or, for income statement purposes, nonrecurring in nature.

NISOURCE INC/DE

FORM 8-K (Current report filing)

Filed 07/06/15 for the Period Ending 07/03/15

Address	801 EAST 86TH AVE MERRILLVILLE, IN 46410-6272
Telephone	2196475200
CIK	0001111711
Symbol	NI
Fiscal Year	12/31

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

**PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of Report (Date of earliest event reported): July 3, 2015

NiSource Inc.

(Exact Name of Registrant as Specified in Charter)

Delaware
(State or other jurisdiction
of incorporation)

001-16189
(Commission
file number)

35-2108964
(IRS Employer
Identification No.)

801 East 86th Avenue
Merrillville, Indiana
(Address of Principal Executive Offices)

46410
(Zip Code)

Registrant's telephone number, including area code: (877) 647-5990

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2 (b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4 (c))
-
-

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On July 3, 2015, the Board of Directors of NiSource Inc. (“NiSource”) appointed Kevin T. Kabat as a director of NiSource for a term continuing until the 2016 annual meeting of stockholders and until his successor has been duly elected and qualified. The Board of Directors appointed Mr. Kabat to serve as a member of the Audit Committee and the Finance Committee. There is no arrangement or understanding between Mr. Kabat and any other person pursuant to which he was selected as a director of NiSource. Mr. Kabat does not have any direct or indirect material interest in any transaction or proposed transaction involving NiSource required to be reported under Item 404(a) of Regulation S-K.

Consistent with NiSource’s compensation practices for non-employee directors, Mr. Kabat will receive an annual retainer of \$210,000, consisting of \$90,000 in cash and an award of restricted stock units valued at \$120,000 at the time of the award.

On July 6, 2015, NiSource issued a press release announcing the appointment of Mr. Kabat as a director of the company. A copy of that press release is filed as an exhibit to this report and is incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits:

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release issued on July 6, 2015 by NiSource Inc.

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 hereunto duly authorized.

July 6, 2015

NISOURCE INC.

By: /s/ Carrie J. Hightman

Carrie J. Hightman

Executive Vice President and Chief Legal Officer

EXHIBIT INDEX

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits:

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release issued on July 6, 2015 by NiSource Inc.

NEWS

NiSource®

FOR IMMEDIATE RELEASE

WWW.NISOURCE.COM

July 6, 2015

FOR ADDITIONAL INFORMATION**Media**

Ken Stammen
 Communications Manager
 (614) 460-5544
 kstammen@nisource.com

Investors

Randy Hulen
 Vice President, Investor Relations
 (219) 647-5688
 rghulen@nisource.com

Kevin T. Kabat to join NiSource Board of Directors

MERRILLVILLE, Ind. – NiSource Inc. (NYSE: NI) today announced that on July 3, 2015 its Board of Directors elected **Kevin T. Kabat** to the Board. He will also serve on the Board’s Audit and Finance committees.

Mr. Kabat currently serves as chief executive officer of Fifth Third Bancorp, a position he has held since April 2007, and vice chairman. Before becoming CEO, he served as president since 2006 after leading both retail and affiliate banking. He was previously vice chairman and president of Old Kent Bank, which was acquired by Fifth Third Bancorp in 2001.

“We’re pleased to have Kevin join the NiSource Board of Directors,” said NiSource Board Chairman **Richard L. Thompson**. “As an executive responsible for the strategic direction of one of the nation’s most-respected financial services companies, he brings valuable financial and customer insights as we work to sustain NiSource as a premier electric and natural gas utility committed to disciplined execution of a robust, long-term infrastructure investment program that supports enhanced reliability, safety and customer service.”

Mr. Kabat has been a director at Unum Group since 2008. He is a member of the board at the Federal Reserve Bank of Cleveland, the Financial Services Roundtable and the Cincinnati Art Museum. Kabat previously served on the Board of Directors of Davenport University, Lacks Industries, Clark Retirement Community, Grand Rapids Foundation, ADAC Plastics, Right Place Inc., Spectrum Hospital, the Consumer Bankers Association, Michigan Business Roundtable and United Way of Greater Cincinnati.

He holds a master’s degree in industrial/organizational psychology from Purdue University and a bachelor’s degree in behavioral science from John’s Hopkins University.

About NiSource

NiSource Inc. (NYSE: NI) is one of the largest fully-regulated utility companies in the United States, serving approximately 3.5 million natural gas customers and 500,000 electric customers across seven states through its local Columbia Gas and NIPSCO brands. Based in Merrillville, Indiana, NiSource’s more than 7,000 employees are focused on safely delivering reliable and affordable energy to our customers and communities we serve. NiSource has been designated a World’s Most Ethical Company by the Ethisphere Institute since 2012 and is a member of the Dow Jones Sustainability – North America Index. Additional information about NiSource, its investments in modern infrastructure and systems, its commitments and its local brands can be found at www.nisource.com. NI-F

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NISOURCE INC/DE

FORM 8-K (Current report filing)

Filed 08/03/15 for the Period Ending 08/03/15

Address	801 EAST 86TH AVE MERRILLVILLE, IN 46410-6272
Telephone	2196475200
CIK	0001111711
Symbol	NI
Fiscal Year	12/31

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

**Pursuant To Section 13 OR 15(d) of The
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): August 3, 2015

NiSource Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction
of incorporation or organization)

001-16189

Commission
file number

35-2108964

(I.R.S. Employer
Identification No.)

**801 East 86th Avenue
Merrillville, Indiana**

(Address of principal executive offices)

46410

(Zip Code)

Registrant's telephone number, including area code (877) 647-5990

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions.

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2 (b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4 (c))
-

ITEM 2.02. RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On August 3, 2015, NiSource Inc. (the “Company”) reported its financial results for the quarter ended June 30, 2015. The Company’s press release, dated August 3, 2015, is attached as Exhibit 99.1.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press Release, dated August 3, 2015, issued by NiSource Inc.

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 hereunto duly authorized.

NiSource Inc.

(Registrant)

Date: August 3, 2015

By:

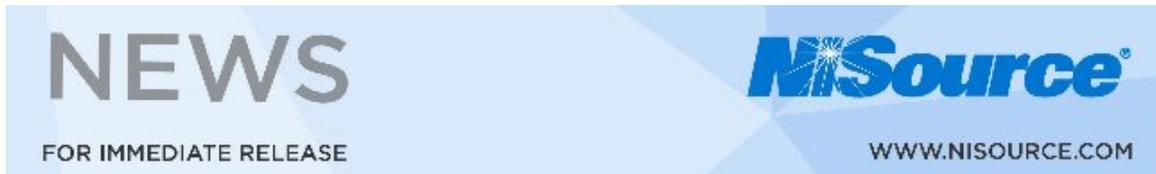
/s/ Joseph W. Mulpas

Joseph W. Mulpas

Vice President and Chief Accounting Officer

EXHIBIT INDEX

Exhibit Number	Description
99.1	Press Release, dated August 3, 2015, issued by NiSource Inc.



August 3, 2015

FOR ADDITIONAL INFORMATION

Media

Ken Stammen
 Communications Manager
 (614) 460-5544
 kstammen nisource.com

Investors

Randy Hulen
 Vice President, Investor Relations
 (219) 647-5688
 rghulen nisource.com

NiSource Reports Second Quarter 2015 Earnings

Financial results in line with expectations
 Credit rating upgraded by Standard & Poor's, outlook raised by Fitch Ratings
 Successfully completed the separation of Columbia Pipeline Group on July 1, 2015
 Dividend, earnings growth outlook reaffirmed

MERRILLVILLE, Ind. - NiSource Inc. (N SE: NI) today announced net operating earnings per share - controlling interest (non-GAAP) of \$56.8 million , or \$0.18 per share, for the three months ended June 30, 2015, compared with \$77.9 million, or \$0.25 per share for the same period in 2014. Operating earnings (non-GAAP) for the second quarter were \$212.1 million , compared to \$219.1 million in the prior period.

Second quarter net operating earnings - controlling interest (non-GAAP) were lower primarily due to additional interest expense related to Columbia Pipeline Group's (CPG) long-term debt issuance prior to its separation from NiSource and the impact of non-controlling interest in Columbia Pipeline Partners, which was formed in February 2015.

On a GAAP basis, NiSource reported a loss from continuing operations - controlling interest of \$36.1 million , or \$0.11 per share, for the three months ended June 30, 2015, compared with income of \$78.5 million , or \$0.25 per share, for the same period in 2014. Operating income for the second quarter was \$165.1 million , compared to \$219.6 million in the prior period. Schedules 1 and 2 of this news release contain a reconciliation of net operating earnings and operating earnings to GAAP net income and operating income, respectively.

On July 1, 2015, NiSource successfully completed the separation of CPG through a distribution of all of the common stock of CPG held by NiSource to NiSource shareholders. CPG is now an independent public company trading on the N SE under the symbol CPG . NiSource maintains no ownership interest in CPG or Columbia Pipeline Partners following this separation. The financial information presented today includes CPG reportable segment results, as CPG remained part of NiSource through June 30, 2015. Beginning with the third quarter, CPG will be reported as discontinued operations in NiSource financial results.

Now that the separation is complete, the foundation is set for NiSource to execute on our pure-play utility growth strategy which will enhance services to our customers and communities, and is expected to deliver sustainable earnings and dividend growth, said NiSource President and Chief Executive Officer **Joseph Hamrock**. With solid, investment-grade credit ratings, \$30 billion of identified long-term gas and electric system enhancement opportunities, and constructive regulatory environments across our seven states, our path forward is clear.

Hamrock reaffirmed that NiSource expects to deliver non-GAAP net operating earnings per share of \$1.00-\$1.10 in 2016 with planned infrastructure enhancement investments reaching approximately \$1.4 billion. NiSource continues to project long-term earnings and dividend growth of 4-6 percent annually.

On July 2, NiSource declared a quarterly dividend of 15.5 cents per share, consistent with the company's intention, announced in May, to increase the combined (NiSource and CPG) dividend.

In June, NiSource received confirmation of its post-separation investment-grade credit ratings. Standard & Poor's upgraded NiSource's credit rating to BBB from BBB-, Fitch Ratings revised its outlook on NiSource to BBB- (positive) from BBB- (stable), and Moody's reaffirmed its rating of NiSource at Baa2.

NiSource's utilities continue execution of core infrastructure investment programs supported by complementary regulatory and customer initiatives.

NiSource remains on track to invest approximately \$1.3 billion during 2015 as part of its \$30 billion of long-term regulated utility infrastructure investment opportunities across its natural gas and electric utilities. Approximately 75 percent of these investments are expected to be revenue-generating investments, which help improve reliability and safety, enhance customer service and reduce emissions - all while generating sustainable long-term growth.

Gas Distribution Operations

Columbia Gas of Massachusetts (CMA) has reached a settlement agreement in principle with the Massachusetts Attorney General in its base rate case. The settlement agreement is expected to be finalized and filed for approval with the Massachusetts Department of Public Utilities (DPU) in August 2015. The case seeks to recover costs to support CMA's multi-year modernization plan to maintain the safety and reliability of natural gas service for customers.

- **Columbia Gas of Pennsylvania's (CPA)** base rate case is progressing on schedule and remains pending before the Pennsylvania Public Utility Commission. Filed in March, the case supports the continuation of CPA's infrastructure modernization and safety programs. If approved as filed, the case would increase annual revenues by approximately \$46 million. A decision is expected by the end of this year.

On June 30, the hearing examiner in **Columbia Gas of Virginia's** pending base rate case recommended specific fixed customer charges for each rate class, addressing the final outstanding issue in the case. The commission had previously found that the stipulated annual revenue increase of \$25.2 million is reasonable. A final order in the case is expected later this year.

As announced previously, CMA received DPU approval of its 2015 **Gas System Enhancement Plan** on April 30. Cost recovery associated with the 2015 investments outlined in the plan began on May 1, and is projected to increase annual revenues by approximately \$2.6 million.

Electric Operations

On May 26, **Northern Indiana Public Service Company (NIPSCO)** , the Indiana Office of Utility Consumer Counselor and some of NIPSCO's largest industrial customers reached a settlement agreement that resolved all concerns raised by the parties in an Indiana Court of Appeals proceeding surrounding the company's long-term Electric Infrastructure Modernization Plan. As part of the agreement, NIPSCO will file a base rate case, followed by a new seven-year plan in the fourth quarter.

NIPSCO remains on schedule and on budget with its **flue gas desulfurization (FGD) unit** at its Michigan City Generating Station. The approximately \$265 million project is expected to be placed in service by the end of this year. This investment, supported with cost recovery, improves air quality and helps ensure NIPSCO's generation fleet remains in compliance with current environmental regulations. It also helps ensure that NIPSCO can continue offering low-cost, reliable and efficient generating capacity for its customers.

Progress also continued on **two major electric transmission projects** designed to enhance region-wide system flexibility and reliability. The Greentown-Reynolds project is an approximately 65-mile, 765-kilovolt line being constructed in a joint development agreement with Pioneer Transmission, and the Reynolds-Topeka project is a 100-mile, 345-kilovolt line. Right-of-way acquisition and permitting are under way for both projects and substation construction has begun on both projects. These projects involve an investment of approximately \$500 million for NIPSCO and are anticipated to be in service by the end of 2018.

Second Quarter 2015 Operating Earnings - Segment Results (non-GAAP)

NiSource's consolidated operating earnings (non-GAAP) for the three months ended June 30, 2015, were \$212.1 million, compared to \$219.1 million for the same period in 2014. Refer to Schedule 2 for the items included in 2015 and 2014 GAAP operating income but excluded from operating earnings.

Operating earnings for NiSource's business segments for the three months ended June 30, 2015, are discussed below.

Gas Distribution Operations reported operating earnings of \$55.6 million for the three months ended June 30, 2015, compared with operating earnings of \$62.5 million for the prior year period. Net revenues, excluding the impact of trackers, increased by \$17.3 million primarily attributable to increases in regulatory and service programs, including the implementation of rates under Columbia Gas of Ohio's approved infrastructure replacement program, as well as the impact of new rates at Columbia Gas of Pennsylvania and Columbia Gas of Virginia.

Operating expenses, excluding the impact of trackers, increased by \$24.2 million due primarily to increased employee and administrative costs, higher depreciation, increased outside services costs and higher other taxes.

Electric Operations reported operating earnings of \$56.6 million for the three months ended June 30, 2015, compared with operating earnings of \$59.8 million for the prior year period. Net revenues, excluding the impact of trackers, decreased by \$1.8 million primarily due to decreased industrial, residential and commercial usage, partially offset by increased environmental investment cost recovery.

Operating expenses, excluding the impact of trackers, increased by \$1.4 million due primarily to higher depreciation, partially offset by lower electric generation costs.

Columbia Pipeline Group Operations reported operating earnings of \$108.6 million for the three months ended June 30, 2015, compared with operating earnings of \$103.7 million for the prior year period. Net revenues, excluding the impact of trackers, increased by \$20.5 million primarily due to higher demand margin revenue as a result of growth projects placed into service and new firm contracts, partially offset by lower mineral rights royalty revenue.

Operating expenses, excluding the impact of trackers, increased by \$18.2 million primarily due to higher outside services costs, increased employee and administrative costs and higher depreciation. These increases in operating expenses were partially offset by higher gains on the conveyance of mineral interests. Equity earnings increased by \$2.6 million primarily from higher earnings at Pennant Midstream.

Corporate and Other Operations reported an operating earnings loss of \$ 8.7 million for the three months ended June 30, 2015, compared with an operating earnings loss of \$6.9 million for the three months ended June 30, 2014.

Other Items

Interest expense, net was \$117.1 million for the three months ended June 30, 2015 compared to interest expense, net of \$109.1 million for the prior period. The increase in interest expense is due primarily to CPG's issuance of long-term debt in May 2015 as part of the recapitalization, the expiration of interest rate swaps in July 2014, and the term loan agreed to in August 2014. These increases were partially offset by the maturity of long-term debt in July 2014 and the execution of NiSource's tender offer in May 2015.

Other, net reflected income of \$6.5 million compared to income of \$7.5 million in 2014.

The effective tax rate of net operating earnings was 35.5 percent compared to 33.7 percent for the same period last year.

Six Month Period 2015 Operating Earnings - Segment Results (non-GAAP)

NiSource's consolidated operating earnings (non-GAAP) for the six months ended June 30, 2015, were \$740.8 million, compared to \$728.2 million for the same period in 2014. Refer to Schedule 2 for the items included in 2015 and 2014 GAAP operating income but excluded from operating earnings.

Operating earnings for NiSource's business segments for the six months ended June 30, 2015, are discussed below.

Gas Distribution Operations reported operating earnings of \$361.4 million for the six months ended June 30, 2015, compared with operating earnings of \$342.6 million for the prior year period. Net revenues, excluding the impact of trackers, increased by \$60.1 million primarily attributable to increases in regulatory and service programs, including the impact of new rates at Columbia Gas of Pennsylvania, Columbia Gas of Virginia and Columbia Gas of Massachusetts, as well as the implementation of rates under Columbia Gas of Ohio's approved infrastructure replacement program.

Operating expenses, excluding the impact of trackers, increased by \$41.3 million due primarily to increased employee and administrative costs, higher depreciation, increased outside services costs and higher other taxes.

Electric Operations reported operating earnings of \$123.8 million for the six months ended June 30, 2015, compared with operating earnings of \$134.0 million for the prior year period. Net revenues, excluding the impact of trackers, decreased by \$2.0 million primarily due to decreased

off-system sales and lower industrial usage. These decreases were partially offset by higher revenue from two electric transmission projects authorized by the Midcontinent Independent System Operator (MISO), lower fuel handling costs and increased environmental investment cost recovery.

Operating expenses, excluding the impact of trackers, increased by \$8.2 million due primarily to higher depreciation.

Columbia Pipeline Group Operations reported operating earnings of \$271.6 million for the six months ended June 30, 2015, compared with operating earnings of \$262.6 million for the prior year period. Net revenues, excluding the impact of trackers, increased by \$42.1 million primarily due to higher demand margin revenue as a result of growth projects placed into service and new firm contracts. This increase was partially offset by decreased mineral rights royalty revenue.

Operating expenses, excluding the impact of trackers, increased by \$41.3 million primarily due to higher employee and administrative costs, increased outside service costs, higher depreciation and lower gains on the conveyances of mineral interests. Equity earnings increased by \$8.2 million primarily from increased earnings at Pennant Midstream and Millennium Pipeline.

Corporate and Other Operations reported an operating earnings loss of \$16.0 million for the six months ended June 30, 2015, compared with an operating earnings loss of \$11.0 million for the six months ended June 30, 2014. The increase in operating earnings loss is primarily due to higher employee and administrative costs.

Other Items

Interest expense, net was \$228.1 million for the six months ended June 30, 2015 compared to interest expense, net of \$218.2 million for the prior period. The increase in interest expense is due primarily to CPG's issuance of long-term debt in May 2015 as part of the recapitalization, the expiration of interest rate swaps in July 2014 and the term loan agreed to in August 2014. These increases were partially offset by the maturity of long-term debt in July 2014 and the execution of NiSource's tender offer in May 2015.

Other, net reflected income of \$13.6 million compared to income of \$12.0 million in 2014.

The effective tax rate of net operating earnings was 35.3 percent compared to 35.6 percent for the same period last year.

Regulation G Disclosure Statement

This press release includes guidance for NiSource with respect to net operating earnings from continuing operations, which is a non-GAAP financial measure as defined by the SEC's Regulation G. It should be noted that there will likely be differences between such net operating earnings and GAAP equivalents due to various factors, including, but not limited to, weather, restructuring, environmental and separation related costs and expenses and accounting changes. NiSource is not able to estimate the impact of such factors on GAAP earnings and, as such, is not providing earnings guidance on a GAAP basis.

About NiSource

NiSource Inc. (NYSE: NI) is one of the largest fully-regulated utility companies in the United States, serving approximately 3.5 million natural gas customers and 500,000 electric customers across seven states through its local Columbia Gas and NIPSCO brands. Based in Merrillville, Indiana, NiSource's more than 7,000 employees are focused on safely delivering reliable and affordable energy to our customers and communities we serve. NiSource has been designated a World's Most Ethical Company by the Ethisphere Institute since 2012 and is a member of the Dow Jones Sustainability - North America Index. Additional information about NiSource, its investments in

modern infrastructure and systems, its commitments and its local brands can be found at www.nisource.com. NI-F

Forward-Looking Statements

This news release contains forward-looking statements within the meaning of federal securities laws. These forward-looking statements are subject to various risks and uncertainties. Examples of forward-looking statements in this release include statements and expectations regarding NiSource's business, performance and growth following the separation. Factors that could cause actual results to differ materially from the projections, forecasts, estimates and expectations discussed in this Quarterly Report on Form 10-Q include, but are not limited to, NiSource's debt obligations and ability to comply with related covenants, changes in NiSource's credit rating, growth opportunities for NiSource's businesses, changes in general economic and market conditions, regulatory rate reviews and proceedings, increased competition in deregulated energy markets, compliance with environmental laws, fluctuations in weather, climate change, natural disasters, acts of terrorism and other catastrophic events, economic conditions in certain industries, fluctuations in the price of energy commodities, counterparty credit risk, any impairment of goodwill and definite-lived intangible assets, changes in taxation or accounting principles, accidents and other operating risks, aging infrastructure, disruptions in information technology and cyber-attacks, NiSource's ability to achieve the intended benefits of the Separation and other matters set forth in the Risk Factors section in NiSource's 2014 Form 10-K and subsequent Form 10-Q filed with the Securities and Exchange Commission, many of which are beyond the control of NiSource. In addition, the relative contributions to profitability by each segment, and the assumptions underlying the forward-looking statements relating thereto, may change over time. NiSource expressly disclaims any duty to update, supplement or amend any of its forward-looking statements contained in this release, whether as a result of new information, subsequent events or otherwise, except as required by applicable law.

NiSource Inc.
Consolidated Net Operating Earnings (Non-GAAP)
(unaudited)

<i>(in millions, except per share amounts)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Net Revenues				
Gas Distribution	\$ 311.8	426.4	\$ 1,373.1	1,619.7
Gas Transportation and Storage	427.4	390.1	1,055.4	968.6
Electric	376.5	401.8	768.4	847.1
Other	60.1	116.7	106.4	193.7
Gross Revenues	1,175.8	1,335.0	3,303.3	3,629.1
Cost of Sales (excluding depreciation and amortization)	218.6	371.7	1,024.6	1,433.0
Total Net Revenues	957.2	963.3	2,278.7	2,196.1
Operating Expenses				
Operation and maintenance	432.9	401.0	837.5	777.9
Operation and maintenance - trackers	87.7	132.1	236.7	256.4
Depreciation and amortization	163.2	148.4	319.6	297.1
Depreciation and amortization - trackers	4.2	0.7	5.3	0.7
Gain on sale of assets	(8.3)	(0.3)	(13.6)	(17.8)
Other taxes	64.3	58.7	136.6	129.3
Other taxes - trackers	14.8	14.7	44.9	45.2
Total Operating Expenses	758.8	755.3	1,567.0	1,488.8
Equity Earnings in Unconsolidated Affiliates	13.7	11.1	29.1	20.9
Operating Earnings	212.1	219.1	740.8	728.2
Other Income (Deductions)				
Interest expense, net	(117.1)	(109.1)	(228.1)	(218.2)
Other, net	6.5	7.5	13.6	12.0
Total Other Deductions	(110.6)	(101.6)	(214.5)	(206.2)
Operating Earnings From Continuing Operations				
Before Income Taxes	101.5	117.5	526.3	522.0
Income Taxes	36.0	39.6	185.6	185.7
Net Operating Earnings from Continuing Operations	65.5	77.9	340.7	336.3
Net Operating Earnings from Continuing Operations - Noncontrolling Interest	(8.7)		(15.6)	
Net Operating Earnings from Continuing Operations - Controlling Interest	56.8	77.9	325.1	336.3
GAAP Adjustment	(92.9)	0.6	(92.8)	8.6
GAAP (Loss) Income from Continuing Operations - Controlling Interest	\$ (36.1)	78.5	\$ 232.3	344.9
Basic Net Operating Earnings Per Share from Continuing Operations	\$ 0.18	0.25	\$ 1.03	1.07
GAAP Basic (Loss) Earnings Per Share from Continuing Operations	\$ (0.11)	0.25	\$ 0.73	1.10
Basic Average Common Shares Outstanding	317.5	315.0	317.0	314.6

NiSource Inc.
Segment Operating Earnings (Non-GAAP)
(unaudited)

Gas Distribution Operations <i>(in millions)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Net Revenues				
Sales revenues	\$ 514.6	619.5	\$ 1,951.5	2,163.4
Less: Cost of gas sold	133.4	257.2	856.0	1,180.2
Net Revenues	381.2	362.3	1,095.5	983.2
Operating Expenses				
Operation and maintenance	207.4	189.7	400.8	371.1
Operation and maintenance - trackers	18.6	17.1	117.0	64.5
Depreciation and amortization	58.2	54.1	114.3	106.3
Other taxes	26.6	24.2	57.1	53.5
Other taxes - trackers	14.8	14.7	44.9	45.2
Total Operating Expenses	325.6	299.8	734.1	640.6
Operating Earnings	\$ 55.6	62.5	\$ 361.4	342.6
GAAP Adjustment	(5.9)	(2.7)	13.5	19.0
GAAP Operating Income	\$ 49.7	59.8	\$ 374.9	361.6

Electric Operations <i>(in millions)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Net Revenues				
Sales revenues	\$ 376.6	402.4	\$ 769.6	848.1
Less: Cost of sales	116.6	146.3	242.3	326.7
Net Revenues	260.0	256.1	527.3	521.4
Operating Expenses				
Operation and maintenance	111.4	116.5	224.6	223.1
Operation and maintenance - trackers	7.9	5.7	14.9	11.6
Depreciation and amortization	64.3	59.4	125.4	119.8
Depreciation and amortization - trackers	4.2	0.7	5.3	0.7
Other taxes	15.6	14.0	33.3	32.2
Total Operating Expenses	203.4	196.3	403.5	387.4
Operating Earnings	\$ 56.6	59.8	\$ 123.8	134.0
GAAP Adjustment	(10.9)	3.1	(8.1)	7.8
GAAP Operating Income	\$ 45.7	62.9	\$ 115.7	141.8

NiSource Inc.
Segment Operating Earnings (Non-GAAP)
(unaudited)

Columbia Pipeline Group Operations <i>(in millions)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Net Revenues				
Transportation revenues	\$ 211.3	181.5	\$ 462.4	403.8
Storage revenues	49.0	49.3	99.0	99.2
Other revenues	55.6	112.7	94.3	186.1
Total Operating Revenues	315.9	343.5	655.7	689.1
Less: Cost of sales	0.1	0.1	0.2	0.2
Net Revenues	315.8	343.4	655.5	688.9
Operating Expenses				
Operation and maintenance	115.2	95.8	217.4	190.5
Operation and maintenance - trackers	61.2	109.3	104.8	180.3
Depreciation and amortization	33.9	28.8	66.4	58.5
Gain on sale of assets	(8.3)	(0.3)	(13.6)	(17.8)
Other taxes	18.9	17.2	38.0	35.7
Total Operating Expenses	220.9	250.8	413.0	447.2
Equity Earnings in Unconsolidated Affiliates	13.7	11.1	29.1	20.9
Operating Earnings	\$ 108.6	103.7	\$ 271.6	262.6
GAAP Adjustment	—		—	
GAAP Operating Income	\$ 108.6	103.7	\$ 271.6	262.6

Corporate and Other Operations <i>(in millions)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Operating Earnings Loss	\$ (8.7)	\$ (6.9)	\$ (16.0)	\$ (11.0)
GAAP Adjustment	(30.2)	0.1	(51.0)	(1.7)
GAAP Operating Loss	\$ (38.9)	\$ (6.8)	\$ (67.0)	\$ (12.7)

NiSource Inc.
Segment Volumes and Statistical Data

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Gas Distribution Operations				
Sales and Transportation (MMDth)				
Residential	30.4	35.0	183.5	191.5
Commercial	25.1	27.4	113.8	117.5
Industrial	123.6	121.7	270.4	258.5
Off System	6.0	14.2	19.5	28.5
Other	(2.0)	(0.3)	(2.0)	(0.1)
Total	183.1	198.0	585.2	595.9
Weather Adjustment	6.3	2.3	(29.2)	(33.8)
Sales and Transportation Volumes - Excluding Weather	189.4	200.3	556.0	562.1

Heating Degree Days	489	555	3,893	3,992
Normal Heating Degree Days	599	599	3,491	3,491
% (Warmer) Colder than Normal	(18)%	(7)%	12%	14%

Customers				
Residential			3,070,555	3,051,277
Commercial			280,329	278,776
Industrial			7,717	7,546
Other			938	14
Total			3,359,539	3,337,613

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Electric Operations				
Sales (Gigawatt Hours)				
Residential	716.9	793.2	1,582.7	1,689.4
Commercial	929.1	964.9	1,869.1	1,900.4
Industrial	2,295.0	2,455.8	4,720.4	5,062.9
Wholesale	1.0	12.1	117.9	323.9
Other	34.5	34.9	69.1	68.3
Total	3,976.5	4,260.9	8,359.2	9,044.9
Weather Adjustment	13.3	(44.4)	(28.9)	(114.4)
Sales Volumes - Excluding Weather	3,989.8	4,216.5	8,330.3	8,930.5

Cooling Degree Days	229	276	229	276
Normal Cooling Degree Days	229	229	229	229
% Colder than Normal	— %	21 %	—%	21%

Electric Customers				
Residential			402,955	401,671
Commercial			54,762	54,303
Industrial			2,357	2,370
Wholesale			747	767
Other			4	6
Total			460,825	459,117

NiSource Inc.
Segment Volumes and Statistical Data

Columbia Pipeline Group Operations	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Throughput (MMDth)				
Columbia Transmission	215.3	194.2	706.3	653.7
Columbia Gulf	137.3	145.4	283.0	330.3
Crossroads Pipeline	3.5	3.5	8.6	9.2
Intrasegment eliminations	(11.4)	(21.6)	(40.1)	(83.2)
Total	344.7	321.5	957.8	910.0

NiSource Inc.
Schedule 1 Reconciliation of Net Operating Earnings to GAAP

<i>(in millions, except per share amounts)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Net Operating Earnings from Continuing Operations - Controlling Interest	\$ 56.8	77.9	\$ 325.1	336.3
Items excluded from operating earnings				
Net Revenues:				
Weather - compared to normal	(6.8)	0.1	15.4	26.5
Operating Expenses:				
Environmental costs	(10.0)		(10.0)	
Transaction costs	(30.4)		(50.9)	
Gain (Loss) on sale of assets	0.2	0.4	(0.1)	(1.4)
Total items excluded from operating earnings	(47.0)	0.5	(45.6)	25.1
Other Deductions:				
Loss on early extinguishment of long-term debt	(97.2)		(97.2)	
Income taxes - discrete items	(3.9)		(4.5)	(7.0)
Tax effect of above items	55.2	0.1	54.5	(9.5)
Total items excluded from net operating earnings	(92.9)	0.6	(92.8)	8.6
GAAP (Loss) Income from Continuing Operations - Controlling Interest	\$ (36.1)	78.5	\$ 232.3	344.9
Basic Average Common Shares Outstanding				
	317.5	315.0	317.0	314.6
Basic Net Operating Earnings Per Share from Continuing Operations	\$ 0.18	0.25	\$ 1.03	1.07
Items excluded from net operating earnings (after-tax)	(0.29)		(0.30)	0.03
GAAP Basic (Loss) Earnings Per Share from Continuing Operations	\$ (0.11)	0.25	\$ 0.73	1.10

NiSource Inc.

Schedule 2 Adjustments by Segment from Operating Earnings to GAAP
For the quarter ended June 30,

2015 (in millions)	Gas Distribution	Electric	Columbia Pipeline Group	Corporate & Other	Total
Operating Earnings (Loss)	\$ 55.6	\$ 56.6	\$ 108.6	\$ (8.7)	\$ 212.1
Net Revenues:					
Weather - compared to normal	(5.9)	(0.9)			(6.8)
Total Impact - Net Revenues	(5.9)	(0.9)	—	—	(6.8)
Operating Expenses:					
Environmental costs		(10.0)			(10.0)
Transaction costs				(30.4)	(30.4)
Gain on sale of assets				0.2	0.2
Total Impact - Operating Expenses	—	(10.0)	—	(30.2)	(40.2)
Total Impact - Operating Loss	\$ (5.9)	\$ (10.9)	\$ —	\$ (30.2)	\$ (47.0)
Operating Income (Loss) - GAAP	\$ 49.7	\$ 45.7	\$ 108.6	\$ (38.9)	\$ 165.1

2014 (in millions)	Gas Distribution	Electric	Columbia Pipeline Group	Corporate & Other	Total
Operating Earnings (Loss)	\$ 62.5	\$ 59.8	\$ 103.7	\$ (6.9)	\$ 219.1
Net Revenues:					
Weather - compared to normal	(2.9)	3.0			0.1
Total Impact - Net Revenues	(2.9)	3.0	—	—	0.1
Operating Expenses:					
Gain on sale of assets	0.2	0.1		0.1	0.4
Total Impact - Operating Expenses	0.2	0.1	—	0.1	0.4
Total Impact - Operating (Loss) Income	\$ (2.7)	\$ 3.1	\$ —	\$ 0.1	\$ 0.5
Operating Income (Loss) - GAAP	\$ 59.8	\$ 62.9	\$ 103.7	\$ (6.8)	\$ 219.6

NiSource Inc.
Schedule 2 Adjustments by Segment from Operating Earnings to GAAP
For the Six Months ended June 30,

2015 (in millions)	Gas Distribution	Electric	Columbia Pipeline Group	Corporate & Other	Total
Operating Earnings (Loss)	\$ 361.4	\$ 123.8	\$ 271.6	\$ (16.0)	\$ 740.8
Net Revenues:					
Weather - compared to normal	13.5	1.9			15.4
Total Impact - Net Revenues	13.5	1.9	—	—	15.4
Operating Expenses:					
Environmental costs		(10.0)			(10.0)
Transaction costs				(50.9)	(50.9)
Loss on sale of assets				(0.1)	(0.1)
Total Impact - Operating Expenses	—	(10.0)	—	(51.0)	(61.0)
Total Impact - Operating Income (Loss)	\$ 13.5	\$ (8.1)	\$ —	\$ (51.0)	\$ (45.6)
Operating Income (Loss) - GAAP	\$ 374.9	\$ 115.7	\$ 271.6	\$ (67.0)	\$ 695.2

2014 (in millions)	Gas Distribution	Electric	Columbia Pipeline Group	Corporate & Other	Total
Operating Earnings (Loss)	\$ 342.6	\$ 134.0	\$ 262.6	\$ (11.0)	\$ 728.2
Net Revenues:					
Weather - compared to normal	18.8	7.7			26.5
Settlement agreement					—
Total Impact - Net Revenues	18.8	7.7	—	—	26.5
Operating Expenses:					
Gain (Loss) on sale of assets	0.2	0.1		(1.7)	(1.4)
Total Impact - Operating Expenses	0.2	0.1	—	(1.7)	(1.4)
Total Impact - Operating (Loss) Income	\$ 19.0	\$ 7.8	\$ —	\$ (1.7)	\$ 25.1
Operating Income (Loss) - GAAP	\$ 361.6	\$ 141.8	\$ 262.6	\$ (12.7)	\$ 753.3

NiSource Inc.
Consolidated Income Statements (GAAP)
(unaudited)

<i>(in millions, except per share amounts)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Net Revenues				
Gas Distribution	\$ 305.9	423.5	\$ 1,386.6	1,638.5
Gas Transportation and Storage	427.4	390.1	1,055.4	968.6
Electric	375.6	404.8	770.3	854.8
Other	60.1	116.7	106.4	193.7
Gross Revenues	1,169.0	1,335.1	3,318.7	3,655.6
Cost of Sales (excluding depreciation and amortization)	218.6	371.7	1,024.6	1,433.0
Total Net Revenues	950.4	963.4	2,294.1	2,222.6
Operating Expenses				
Operation and maintenance	561.0	533.1	1,135.1	1,034.3
Depreciation and amortization	167.4	149.1	324.9	297.8
Gain on sale of assets	(8.5)	(0.7)	(13.5)	(16.4)
Other taxes	79.1	73.4	181.5	174.5
Total Operating Expenses	799.0	754.9	1,628.0	1,490.2
Equity Earnings in Unconsolidated Affiliates	13.7	11.1	29.1	20.9
Operating Income	165.1	219.6	695.2	753.3
Other Income (Deductions)				
Interest expense, net	(117.1)	(109.1)	(228.1)	(218.2)
Other, net	6.5	7.5	13.6	12.0
Loss on early extinguishment of long-term debt	(97.2)		(97.2)	
Total Other Deductions	(207.8)	(101.6)	(311.7)	(206.2)
(Loss) Income from Continuing Operations before Income Taxes	(42.7)	118.0	383.5	547.1
Income Taxes	(15.3)	39.5	135.6	202.2
(Loss) Income from Continuing Operations	(27.4)	78.5	247.9	344.9
Loss from Discontinued Operations - net of taxes	(0.3)	(0.3)	(0.3)	(0.5)
Net (Loss) Income	(27.7)	78.2	247.6	344.4
Less: Net income attributable to noncontrolling interest	8.7		15.6	
Net (Loss) Income attributable to NiSource	\$ (36.4)	78.2	\$ 232.0	344.4
Amounts attributable to NiSource:				
(Loss) Income from continuing operations	\$ (36.1)	78.5	\$ 232.3	344.9
Loss from discontinued operations	(0.3)	(0.3)	(0.3)	(0.5)
Net (Loss) Income attributable to NiSource	\$ (36.4)	78.2	\$ 232.0	344.4
Basic (Loss) Earnings Per Share				
Continuing operations	\$ (0.11)	0.25	\$ 0.73	1.10
Discontinued operations	—		—	
Basic (Loss) Earnings Per Share	\$ (0.11)	0.25	\$ 0.73	1.10
Diluted (Loss) Earnings Per Share				
Continuing operations	\$ (0.11)	0.25	\$ 0.73	1.09
Discontinued operations	—		—	
Diluted (Loss) Earnings Per Share	\$ (0.11)	0.25	\$ 0.73	1.09
Dividends Declared Per Common Share	\$ —	0.26	\$ 0.52	0.76
Basic Average Common Shares Outstanding	317.5	315.0	317.0	314.6
Diluted Average Common Shares	317.5	316.1	318.0	315.7

NiSource Inc.
Consolidated Balance Sheets (GAAP)
(unaudited)

<i>(in millions)</i>	June 30, 2015	December 31, 2014
ASSETS		
Property, Plant and Equipment		
Utility plant	\$ 26,225.2	25,234.8
Accumulated depreciation and amortization	(9,718.8)	(9,578.6)
Net utility plant	16,506.4	15,656.2
Other property, at cost, less accumulated depreciation	401.9	360.9
Net Property, Plant and Equipment	16,908.3	16,017.1
Investments and Other Assets		
Unconsolidated affiliates	452.3	452.6
Other investments	200.7	210.4
Total Investments and Other Assets	653.0	663.0
Current Assets		
Cash and cash equivalents	496.6	25.4
Restricted cash	25.2	24.9
Accounts receivable (less reserve of 38.1 and 25.2, respectively)	672.7	1,070.1
Gas inventory	259.2	445.1
Underrecovered gas costs	3.5	32.0
Materials and supplies, at average cost	112.4	106.0
Electric production fuel, at average cost	96.5	64.8
Exchange gas receivable	57.1	63.1
Regulatory assets	175.5	193.5
Deferred income taxes	303.8	272.1
Prepayments and other	133.2	169.5
Total Current Assets	2,335.7	2,466.5
Other Assets		
Regulatory assets	1,673.7	1,696.4
Goodwill	3,666.2	3,666.2
Intangible assets	258.4	264.7
Deferred charges and other	111.6	92.4
Total Other Assets	5,709.9	5,719.7
Total Assets	\$ 25,606.9	24,866.3

NiSource Inc.
Consolidated Balance Sheets (GAAP) (continued)
(unaudited)

<i>(in millions, except share amounts)</i>	June 30, 2015	December 31, 2014
CAPITALIZATION AND LIABILITIES		
Capitalization		
NiSource Common Stockholders' Equity		
Common stock - 0.01 par value, 400,000,000 shares authorized; 317,668,149 and 316,037,421 shares outstanding, respectively	\$ 3.2	3.2
Additional paid-in capital	5,065.1	4,787.6
Retained earnings	1,561.1	1,494.0
Accumulated other comprehensive loss	(44.4)	(50.6)
Treasury stock	(79.1)	(58.9)
Total NiSource Common Stockholders' Equity	6,505.9	6,175.3
Noncontrolling interest in consolidated subsidiaries	950.0	
Total Equity	7,455.9	6,175.3
Long-term debt, excluding amounts due within one year	8,881.1	8,155.9
Total Capitalization	16,337.0	14,331.2
Current Liabilities		
Current portion of long-term debt	442.6	266.6
Short-term borrowings	161.8	1,576.9
Accounts payable	429.2	670.6
Customer deposits and credits	206.9	294.3
Taxes accrued	221.5	266.7
Interest accrued	141.6	140.7
Overrecovered gas and fuel costs	198.6	45.6
Exchange gas payable	63.9	136.2
Deferred revenue	21.6	25.6
Regulatory liabilities	136.1	62.4
Accrued capital expenditures	146.3	61.1
Accrued liability for postretirement and postemployment benefits	5.9	5.9
Legal and environmental	34.5	24.2
Other accruals	313.8	378.1
Total Current Liabilities	2,524.3	3,954.9
Other Liabilities and Deferred Credits		
Deferred income taxes	3,822.6	3,661.6
Deferred investment tax credits	16.1	17.3
Deferred credits	105.1	101.1
Accrued liability for postretirement and postemployment benefits	633.9	675.9
Regulatory liabilities	1,692.6	1,673.8
Asset retirement obligations	204.7	159.4
Other noncurrent liabilities	270.6	291.1
Total Other Liabilities and Deferred Credits	6,745.6	6,580.2
Commitments and Contingencies		
	—	
Total Capitalization and Liabilities	\$ 25,606.9	24,866.3

NiSource Inc.
Statements of Consolidated Cash Flows (GAAP)
(unaudited)

Six Months Ended June 30, <i>(in millions)</i>	2015	2014
Operating Activities		
Net Income	\$ 247.6	344.4
Adjustments to Reconcile Net Income to Net Cash from Continuing Operations:		
Loss on early extinguishment of debt	97.2	
Depreciation and amortization	324.9	297.8
Net changes in price risk management assets and liabilities	0.1	1.4
Deferred income taxes and investment tax credits	119.2	186.8
Deferred revenue	6.8	1.6
Stock compensation expense and 401(k) profit sharing contribution	33.4	27.9
Gain on sale of assets	(13.5)	(16.4)
Income from unconsolidated affiliates	(28.4)	(20.6)
Loss from discontinued operations - net of taxes	0.3	0.5
Amortization of debt related costs	5.4	5.1
AFUDC equity	(13.3)	(9.2)
Distributions of earnings received from equity investees	27.9	12.9
Changes in Assets and Liabilities		
Accounts receivable	385.6	176.4
Income tax receivable	(0.2)	1.0
Inventories	146.8	28.2
Accounts payable	(249.6)	(170.3)
Customer deposits and credits	(114.8)	(20.9)
Taxes accrued	(44.7)	(43.2)
Interest accrued	0.9	5.5
Over (Under) recovered gas and fuel costs	181.5	(11.6)
Exchange gas receivable/payable	(66.2)	(112.3)
Other accruals	(69.8)	(47.6)
Prepayments and other current assets	36.7	43.0
Regulatory assets/liabilities	125.4	14.8
Postretirement and postemployment benefits	(41.5)	(61.8)
Deferred credits	3.7	11.1
Deferred charges and other noncurrent assets	2.3	(0.3)
Other noncurrent liabilities	12.0	7.8
Net Operating Activities from Continuing Operations	1,115.7	652.0
Net Operating Activities used for Discontinued Operations	(0.1)	(1.0)
Net Cash Flows from Operating Activities	1,115.6	651.0
Investing Activities		
Capital expenditures	(991.1)	(852.9)
Insurance recoveries	2.1	6.8
Proceeds from disposition of assets	16.7	6.2
Restricted cash deposits	(0.3)	(1.8)
Distributions from (contributions to) equity investees	2.2	(54.8)
Other investing activities	(23.4)	(1.1)
Net Cash Flows used for Investing Activities	(993.8)	(897.6)
Financing Activities		
Issuance of common units of CPPL, net of issuance costs	1,168.4	
Issuance of long-term debt	2,745.9	
Repayments of long-term debt and capital lease obligations	(1,856.4)	(13.3)
Premiums and other debt related costs	(116.0)	
Change in short-term borrowings, net	(1,415.1)	402.4

Issuance of common stock	12.4	16.1
Acquisition of treasury stock	(20.2)	(10.2)
Distributions to noncontrolling interest	(4.9)	
Dividends paid - common stock	(164.7)	(157.2)
Net Cash Flows from Financing Activities	349.4	237.8
Change in cash and cash equivalents from (used for) continuing operations	471.3	(7.8)
Change in cash and cash equivalents used for discontinued operations	(0.1)	(1.0)
Cash and cash equivalents at beginning of period	25.4	26.8
Cash and Cash Equivalents at End of Period	\$ 496.6	18.0

NISOURCE INC/DE

FORM 8-K (Current report filing)

Filed 10/23/15 for the Period Ending 10/20/15

Address	801 EAST 86TH AVE MERRILLVILLE, IN 46410-6272
Telephone	2196475200
CIK	0001111711
Symbol	NI
Fiscal Year	12/31

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

FORM 8-K

**CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of Report (Date of earliest event reported): October 20, 2015

NiSource Inc.

(Exact Name of Registrant as Specified in Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

001-16189
(Commission
File Number)

35-2108964
(IRS Employer
Identification No.)

801 East 86th Avenue
Merrillville, Indiana
(Address of Principal Executive Offices)

46410
(Zip Code)

Registrant's telephone number, including area code: (877) 647-5990

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2 (b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4 (c))
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-

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

Omnibus Plan Amendment

Effective October 20, 2015, the Compensation Committee (the “*Committee*”) of the Board of Directors of NiSource Inc. (the “*Company*”) approved the Second Amendment (the “*Amendment*”) to the NiSource Inc. 2010 Omnibus Incentive Plan (the “*Plan*”). The Amendment revises the Plan’s minimum vesting terms by imposing a general one-year minimum vesting period for awards granted under the Plan, with the exception of pro-rata vesting in the event of a participant’s termination of service due to death, disability, or retirement. The Amendment also provides that awards granted under the Plan will become fully vested upon a change in control if the Committee reasonably determines, in good faith, prior to a change in control, that the successor will not assume outstanding awards or grant substitute awards that are of substantially the same economic value and have substantially the same vesting and payment terms as outstanding awards. Otherwise, assumed or substituted awards do not become fully vested unless there is an involuntary termination of service without cause or a voluntary termination for good reason in connection with the change in control.

The foregoing description of the changes effected by the Amendment is qualified in its entirety by the Amendment, which is filed as Exhibit 10.1 to this current report on Form 8-K and is incorporated herein by reference.

Revised Change in Control and Termination Agreement

Also effective October 20, 2015, the Committee approved a revised form of the Change in Control and Termination Agreement (the “*Revised Agreement*”) with its executive officers. Under the Revised Agreement, the “net benefits” provision was clarified to provide that, in the event of a change in control, the executive’s total change in control payments will be capped at one dollar less than the amount that would trigger an excise tax, unless the total payments due, after being reduced for federal, state, local, and other taxes, would be greater than the after-tax value of the capped amount (i.e., the capped amount reduced for such taxes described above), in which case the executive will receive the total payments due (without any tax gross-up).

The foregoing description of the changes effected by the Revised Agreement is qualified in its entirety by reference to the Revised Agreement that is filed as Exhibit 10.2 to this current report on Form 8-K and is incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.

(d)

<u>Exhibit Number</u>	<u>Description</u>
10.1	Second Amendment to the NiSource Inc. 2010 Omnibus Incentive Plan
10.2	NiSource Inc. Form of Change in Control and Termination Agreement

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 hereunto duly authorized.

October 23, 2015

NISOURCE INC.

By: /s/ Carrie J. Hightman

Carrie J. Hightman

Executive Vice President and Chief Legal Officer

EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description</u>
10.1	Second Amendment to the NiSource Inc. 2010 Omnibus Incentive Plan
10.2	NiSource Inc. Form of Change in Control and Termination Agreement

**SECOND AMENDMENT TO THE
NISOURCE INC.
2010 OMNIBUS INCENTIVE PLAN**

BACKGROUND

- A. NiSource Inc. (the “Company”) maintains the NiSource Inc. 2010 Omnibus Incentive Plan (the “Plan”).
- B. The Compensation Committee of the Board of Directors of NiSource Inc. (the “Committee”) desires to amend the Plan, as previously amended on October 21, 2013, with respect to (i) minimum vesting terms for Awards and (ii) vesting upon a Change in Control.
- C. Section 20.1 of the Plan gives the Company the ability to amend the Plan.

PLAN AMENDMENT

Effective October 20, 2015, the Plan is amended in the manner described below.

- 1. The following is added after the second sentence in Section 6.1:

Notwithstanding the foregoing, Options shall be subject to a Period of Restriction that lapses no earlier than the first anniversary of the date of grant of the Option, except that an Award Agreement may provide that a pro rata portion of such Options shall vest upon termination of Service due to death, disability, or Retirement. Except as otherwise provided in an Award Agreement, such pro rata portion of the Options that vest shall be determined using a fraction, where the numerator shall be the number of full or partial calendar months elapsed between the date of grant of the Options and the date the Participant terminates Service, and the denominator shall be the number of full or partial calendar months between the date of grant of the Options and the date the Period of Restriction otherwise would have lapsed.

- 2. The following is added after the second sentence in Section 7.1:

Notwithstanding the foregoing, SARs shall be subject to a Period of Restriction that lapses no earlier than the first anniversary of the date of grant of the SAR, except that an Award Agreement may provide that a pro rata portion of such SARs shall vest upon termination of Service due to death, disability, or Retirement. Except as otherwise provided in an Award Agreement, such pro rata portion of the SARs that vest shall be determined using a fraction, where the numerator shall be the number of full or partial calendar months elapsed between the date of grant of the SARs and the date the Participant terminates Service, and the denominator shall be the number of full or partial calendar months between the date of grant of the SARs and the date the Period of Restriction otherwise would have lapsed.

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3. The following is added after the last sentence in Section 8.2:

Notwithstanding the foregoing, each Restricted Stock and Restricted Stock Unit grant shall be subject to a Period of Restriction that lapses no earlier than the first anniversary of the date of grant of such Award, except that an Award Agreement may provide that a pro rata portion of such Restricted Stock or Restricted Stock Units shall vest upon termination of Service due to death, disability, or Retirement. Except as otherwise provided in an Award Agreement, such pro rata portion of the Restricted Stock and Restricted Stock Units that vest shall be determined using a fraction, where the numerator shall be the number of full or partial calendar months elapsed between the date of grant of the Restricted Stock or Restricted Stock Units and the date the Participant terminates Service, and the denominator shall be the number of full or partial calendar months between the date of grant of the Restricted Stock or Restricted Stock Units and the date the Period of Restriction otherwise would have lapsed.

4. The following is added after the last sentence in Section 9.2:

Notwithstanding the foregoing, each grant of Performance Shares shall be subject to a Period of Restriction that lapses no earlier than the first anniversary of the date of grant of such Award, except that an Award Agreement may provide that a pro rata portion of such Performance Shares payable based on achievement of the performance criteria shall vest upon termination of Service due to death, disability, or Retirement. Except as otherwise provided in an Award Agreement, such pro rata portion of the Performance Shares that vest shall be determined using a fraction, where the numerator shall be the number of full or partial calendar months elapsed between the date of grant of the Performance Shares and the date the Participant terminates Service, and the denominator shall be the number of full or partial calendar months between the date of grant of the Performance Shares and the date the Period of Restriction otherwise would have lapsed. Subject to the terms of an applicable Award Agreement or any other agreement between a Participant and the Company, such pro rata portion of the Performance Shares shall vest only to the extent that the performance-based vesting conditions in the Award Agreement have been satisfied, except that in the event that the Participant has terminated Service due to death with more than 12 months remaining in the performance period, such pro rata portion of the Performance Shares shall be deemed to have achieved target level performance.

5. The following is added after the last sentence in Section 10.2:

Notwithstanding the foregoing, each grant of Performance Units shall be subject to a Period of Restriction that lapses no earlier than the first anniversary of the date of grant of such Award, except that an Award Agreement may provide that a pro rata portion of such Performance Units payable based on achievement of the performance criteria shall vest upon termination of Service due to death, disability, or Retirement. Except as otherwise provided in an Award Agreement, such pro rata portion of the Performance Units that vest shall be determined using a fraction, where the numerator shall be the number of full or partial calendar months elapsed between the date of grant of the Performance Units and the date the Participant terminates Service, and the denominator shall be the number of full or partial calendar months between the date of grant of the Performance Units and the date the Period of Restriction otherwise would have lapsed. Subject to the terms of an applicable Award Agreement or any other agreement between a Participant and the

Company, such pro rata portion of the Performance Units shall vest only to the extent that the performance-based vesting conditions in the Award Agreement have been satisfied, except that in the event that the Participant has terminated Service due to death with more than 12 months remaining in the performance period, such pro rata portion of the Performance Units shall be deemed to have achieved target level performance.

6. Sections 16.1 is deleted in its entirety and replaced with the following:

Section 16.1 Effect of a Change in Control.

(a) Upon a Change in Control, no cancellation, termination, acceleration of exercisability or vesting, lapse of any Period of Restriction or settlement or other payment shall occur with respect to any outstanding Award, if the Committee (as constituted immediately prior to the consummation of the transaction constituting the Change in Control) reasonably determines, in good faith, prior to the Change in Control that such outstanding Awards shall be honored or assumed, or new rights substituted (such honored, assumed or substituted Award being hereinafter referred to as an "Alternative Award") by the new Employer, provided that any Alternative Award must:

(i) be based on shares of common stock that are traded on a registered U.S. securities exchange;

(ii) provide the Participant (or each Participant in a class of Participants) with rights and entitlements substantially equivalent to or better than the rights, terms and conditions applicable under such Award, including, but not limited to, an identical or better exercise or vesting schedule and identical or better timing and methods of payment;

(iii) have substantially equivalent economic value to such Award (determined at the time of the Change in Control); and

(iv) have terms and conditions which provide that in the event that the Participant suffers an involuntary termination of Service by the Company other than for Cause or a voluntary termination for Good Reason within two years following the Change in Control, any conditions on the Participant's rights under, or any restrictions on transfer or exercisability applicable to, each such Award held by such Participant shall be waived or shall lapse, as the case may be, and any performance-based restrictions shall be deemed to have been achieved at target level performance. For purposes of Article 16 of this Plan, "Good Reason" shall be interpreted in a manner consistent with the guidance under Code Section 409A and shall be deemed to exist if, and only if:

(A) there is a significant diminution in the nature or the scope of the Participant's authorities or duties;

(B) there is a significant reduction in the Participant's monthly rate of base salary, benefits, and the Participant's opportunity to earn a bonus under an incentive bonus compensation plan maintained by Company;

(C) the Company changes by 50 miles or more the principal location at which the Participant is required to perform services as of the date of a Change in Control; or

(D) the Company or any successor materially breaches any Award Agreement or Alternative Award with the Participant granted in accordance with this Plan.

Notwithstanding the foregoing, in the event a Participant terminates Service for Good Reason hereunder, the Participant shall give the Company at least 30 days prior written notice specifying in detail the Good Reason conditions. If the Company cures such conditions, any subsequent termination of employment by the Participant will not be considered to be made for Good Reason.

(b) All outstanding Awards for which Alternative Awards are not granted in accordance with this section shall become fully exercisable; all restrictions thereon shall terminate; any performance-based restrictions shall be deemed to have been achieved at target level performance; and such Awards shall be immediately payable, except to the extent that later payment is necessary to comply with Code Section 409A.

(c) If the Company has terminated the Service of a Participant other than for Cause, or if the Participant has terminated Service for Good Reason, during the year before the consummation of a Change in Control but after a third party and/or the Company had taken steps reasonably calculated to effect such Change in Control, and the Participant reasonably demonstrates that such termination of Service was in connection with or in anticipation of the Change in Control, then: all of the Participant's outstanding Awards shall become fully exercisable; all restrictions thereon shall terminate; any performance-based restrictions shall be deemed to have been achieved at target level performance; and such Awards shall be payable within 60 days after the later of the Participant's termination of Service or the Change in Control, except to the extent that later payment is necessary to comply with Code Section 409A.

7. The remainder of the Plan shall remain unchanged.

NISOURCE INC.
FORM OF
CHANGE IN CONTROL AND TERMINATION AGREEMENT

NiSource Inc., a Delaware corporation (“Employer”), which as used herein shall mean NiSource Inc. and all of its Affiliates, and [NAME] (“Executive”) hereby enter into a Change in Control and Termination Agreement as of [DATE] (the “Effective Date”), which Agreement is hereinafter set forth (“Agreement”).

WITNESSETH

WHEREAS, Employer considers the ability to attract and retain talented management to be part of its corporate strategy and necessary in protecting and enhancing the interests of the Employer and its shareholders. As part of this strategy, Employer desires to retain Executive in its employment notwithstanding any actual or threatened Change in Control; and

WHEREAS, Executive and Employer desire to enter into this Agreement pertaining to the terms of Executive’s employment in the event of any actual or threatened Change in Control;

NOW, THEREFORE, in consideration of the mutual covenants and promises contained herein, and other good and valuable consideration, the receipt of which is hereby acknowledged, the parties agree as follows:

1. Term. This Agreement shall begin on the Effective Date and shall continue in effect until the date which is 12 months after the date on which either Employer or Executive has given written notice to the other party of its or his election to have this Agreement terminate (“Term”).

2. Definitions. For purposes of this Agreement:

(a) “Affiliate” or “Associate” shall have the meaning set forth in Rule 12b-2 under the Securities Exchange Act of 1934.

(b) “Base Salary” shall mean Executive’s monthly base salary at the rate in effect on the date of a reduction for purposes of paragraph (g) of this Section, or on the date of a termination of employment under circumstances described in subsections 3(a) or (b) below, whichever is higher; provided, however, that such rate shall in no event be less than the highest rate in effect for Executive at any time during the Term.

(c) "Beneficiary" shall mean the person or entity designated by Executive, by written instrument delivered to Employer, to receive the benefits payable under this Agreement in the event of his death. If Executive fails to designate a Beneficiary, or if no Beneficiary survives Executive, such death benefits shall be paid:

- (i) to his surviving spouse; or
- (ii) if there is no surviving spouse, to his living descendants per stirpes; or
- (iii) if there is neither a surviving spouse nor descendants, to his duly appointed and qualified executor or personal representative.

(d) "Bonus" shall mean Executive's target annual incentive bonus compensation for the calendar year in which the date of a termination of employment under circumstances described in subsection 3(a) below occurs, under the NiSource Inc. Corporate Incentive Plan or such other incentive bonus compensation plan then maintained by Employer ("Annual Incentive Plan"); provided, however, that such target annual incentive bonus compensation shall in no event be less than the highest target annual incentive bonus compensation of Executive under any such Annual Incentive Plan for any calendar year commencing during the Term.

(e) A "Change in Control" shall be deemed to take place on the occurrence of any of the following events:

(1) The acquisition by an entity, person or group (including all Affiliates or Associates of such entity, person or group) of beneficial ownership, as that term is defined in Rule 13d-3 under the Securities Exchange Act of 1934, of capital stock of NiSource Inc. entitled to exercise more than 30% of the outstanding voting power of all capital stock of NiSource Inc. entitled to vote in elections of directors ("Voting Power");

(2) The effective time of (i) a merger or consolidation of NiSource Inc. with one or more other corporations unless the holders of the outstanding Voting Power of NiSource Inc. immediately prior to such merger or consolidation (other than the surviving or resulting corporation or any Affiliate or Associate thereof) hold at least 50% of the Voting Power of the surviving or resulting corporation (in substantially the same proportion as the Voting Power of NiSource Inc. immediately prior to such merger or consolidation), or (ii) a transfer of a Substantial Portion of the Property, of NiSource Inc. other than to an entity of which NiSource Inc. owns at least 50% of the Voting Power; or

(3) The election to the Board of Directors of NiSource Inc. (the "Board") of candidates who were not recommended for election by the Board, if such candidates constitute a majority of those elected in that particular election (for this purpose, recommended directors will not include any candidate who becomes a member of the Board as a result of an actual or threatened election contest or proxy or consent solicitation on behalf of anyone other than the Board or as a result of any appointment, nomination, or other agreement intended to avoid or settle a contest or solicitation). Notwithstanding the foregoing, a Change in Control shall not be deemed to take place by virtue of any transaction in which Executive is a participant in a group effecting an acquisition of NiSource Inc. and, after such acquisition, Executive holds an equity interest in the entity that has acquired NiSource Inc.

(f) "Good Cause" shall be deemed to exist if, and only if Employer notifies Executive, in writing, within 60 days of its knowledge that one of the following events occurred:

- (1) Executive engages in acts or omissions constituting dishonesty, intentional breach of fiduciary obligation or intentional wrongdoing or malfeasance, in each case that results in substantial harm to Employer; or
- (2) Executive is convicted of a criminal violation involving fraud or dishonesty.

(g) "Good Reason" shall be deemed to exist if, and only if;

- (1) a significant diminution in the nature or the scope of Executive's authorities or duties;
- (2) there is a significant reduction in Executive's monthly rate of Base Salary and his opportunity to earn a bonus under an incentive bonus compensation plan maintained by Employer or his benefits;
- (3) Employer changes by 50 miles or more the principal location at which Executive is required to perform services as of the date of a Change in Control; or
- (4) Employer or any successor materially breaches this Agreement.

(h) "Pension Plan" shall mean any Retirement Plan that is a defined benefit plan as defined in Section 3(35) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

(i) "Retirement Plan" shall mean any qualified or nonqualified supplemental employee pension benefit plan, as defined in Section 3(2) of ERISA, currently or hereinafter made available by Employer in which Executive is eligible to participate.

(j) "Severance Period" shall mean the period beginning on the date Executive's employment with Employer terminates under circumstances described in subsection 3(a) and ending on the date [X] months thereafter.

(k) "Substantial Portion of the Property of NiSource Inc." shall mean 50% of the aggregate book value of the assets of NiSource Inc. and its Affiliates and Associates as set forth on the most recent balance sheet of NiSource Inc., prepared on a consolidated basis, by its regularly employed, independent, certified public accountants.

(l) "Welfare Plan" shall mean any health and dental plan, disability plan, survivor income plan or life insurance plan, as defined in Section 3(1) of ERISA, currently or hereinafter made available by Employer in which Executive is eligible to participate.

3. Benefits Upon Termination of Employment .

(a) The following provisions will apply if a Change in Control occurs during the Term, and at any time during the 24 months after the Change in Control occurs (whether during or after the expiration of the Term), the employment of Executive with Employer is terminated Employer for any reason other than Good Cause, or Executive terminates his employment with Employer for Good Reason. In addition, the following provisions also will apply if (i) a Change in Control occurs during the Term, (ii) Employer has terminated Executive's employment other than for Good Cause during the year prior to the Change in Control but after a third party and/or Employer had taken steps reasonably calculated to effect a Change in Control and (iii) it is reasonably demonstrated by Executive that such termination of employment was in connection with or in anticipation of a Change in Control.

(1) Employer shall pay Executive an amount equal to [X] times the sum of (a) Executive's Base Salary plus (b) one-twelfth of his Bonus. Such amount shall be paid to Executive in a lump sum within 60 days following the later of Executive's termination of employment or a Change in Control.

(2) Employer shall pay Executive an amount equal to the pro rata portion of Executive's target annual incentive bonus compensation for the calendar year under the Annual Incentive Plan then maintained by Employer, that is applicable to the period commencing on the first day of such calendar year and ending on the date of termination. Such bonus amount shall be paid to Executive in a lump sum within 30 days after his date of termination of employment.

(3) Executive shall receive any and all benefits accrued through the date of termination of employment under any Retirement Plan, Welfare Plan or other plan or program in which he participates at the date of termination of employment. The amount, form and time of payment of such benefits will be determined by the terms of such Retirement Plan, Welfare Plan and other plan or program. Further, Executive's employment shall be deemed to have terminated by reason of retirement without regard to vesting limitations in all such plans and other plans or programs not subject to the qualification requirements of Section 401(a) of the Internal Revenue Code of 1986 as amended ("Code"), under circumstances that have the most favorable result for Executive thereunder for all purposes of such Plans and other plans or programs. Any such payments shall be paid to Executive in a lump sum within 30 days after his date of termination of employment, or if a payment is not permitted at termination of employment under the terms of the applicable plan or program, within 30 days after the earliest permitted payment date under the plan or program, in accordance with Code Section 409A.

(4) If upon the date of termination of Executive's employment Executive holds any awards granted under the NiSource Inc. 2010 Omnibus Incentive Plan or any predecessor or successor plan (the "Omnibus Plan"), including options with respect to stock of Employer, restricted stock, restricted stock units, performance shares, performance units, and any other stock-based award, all such awards will become vested, exercisable, and payable in accordance with the terms of the Omnibus Plan and applicable award agreement in effect on the date of such termination.

(5) In lieu of a contribution by Employer to, or a reimbursement to Executive for, any coverage premiums and any other expenses payable by Executive during the Severance Period under all Welfare Plans maintained by Employer in which he and his spouse and other dependents were participating immediately prior to the date of his termination, Employer will pay to Executive an amount equal to 130% of such coverage premiums and expenses otherwise payable during the Severance Period. Such amount shall be paid to Executive in a lump sum within 60 days following Executive's termination of employment.

(6) Executive shall receive outplacement services for a period commencing on the date of termination of employment and continuing until the earlier to occur of the Executive accepting other employment or 12 months after the date of termination, in an amount not to exceed \$25,000.

(7) During the Severance Period, Executive shall not be entitled to reimbursement for fringe benefits, including without limitation, dues and expenses related to club memberships, automobile expenses, expenses for professional services and other similar perquisites.

(b) If the employment of Executive with Employer is terminated by Employer or Executive other than under circumstances set forth in subsection 3(a), Executive's Base Salary shall be paid through the date of his termination, and Employer shall have no further obligation to Executive or any other person under this Agreement. Such termination shall have no effect upon Executive's other rights, including but not limited to, rights under the Retirement Plans and the Welfare Plans.

(c) Notwithstanding anything herein to the contrary, (1) in the event Employer shall terminate the employment of Executive for Good Cause hereunder, Employer shall give Executive at least thirty (30) days prior written notice specifying in detail the reason or reasons for Executive's termination, and (2) in the event Executive terminates his employment for Good Reason hereunder, Executive shall give Employer at least 30 days prior written notice specifying in detail the Good Reason conditions. If Employer cures such conditions, any subsequent termination of employment by Executive will not be considered to be made for Good Reason.

(d) This Agreement shall have no effect, and Employer shall have no obligations hereunder, if Executive's employment terminates for any reason at any time other than (i) during the 24 months following a Change in Control; or (ii) as otherwise specifically set forth in Subsection 3(a).

(e) Notwithstanding anything to the contrary contained in this Agreement, in the event that a determination is made that any payment or distribution by Employer or its Affiliates to or for the benefit of Executive (1) hereunder, or (2) pursuant to any plan, program or policy of Employer in connection with, on account of, or as a result of, such Change in Control (all such payments and benefits being hereinafter referred to as the "Total Payments") will be subject to the excise tax imposed by Code Section 4999 or any successor section thereof, or any interest or penalties are incurred by Executive with respect to such excise tax (such excise tax, together with any such interest and penalties, collectively referred to as the "Excise Tax"), Executive shall receive from Employer the Total Payments, unless (a) the after-tax amount that would be retained by Executive (after taking into account all federal, state and local income and other taxes payable by Executive and the amount of any Excise Tax payable by Executive) if Executive were to receive the Total Payments has a lesser aggregate value than (b) the after-tax amount (after taking into account all federal, state, and local income and other taxes otherwise payable by Executive) that would be retained by Executive if the payments and distributions that comprise the Total Payments and that otherwise would have been made to Executive instead were reduced in the manner specified below, to the extent necessary so that no portion of the Total Payments is subject to Excise Tax (the "Reduced Amount"), in which case Executive shall be entitled only to the Reduced Amount. For this purpose, Executive shall be deemed to be in the highest marginal rate of federal, state and local taxes. In the event that the Executive is paid the Reduced Amount, the reduction of the Total Payments shall be determined in a manner that has the least economic cost to the Executive. If the economic cost is equivalent, the Total Payments will be reduced in the inverse order of when the Total Payments would have been made to the Executive until the Reduced Amount is achieved.

4. Setoff. No payments or benefits payable to or with respect to Executive pursuant to this Agreement shall be reduced by any amount Executive or his spouse or Beneficiary, or any other beneficiary under the Pension Plans, may earn or receive from employment with another employer or from any other source, except as expressly provided in subsection 3(a)(6).

5. Death. If Executive's employment with Employer terminates under circumstances described in subsections 3(a) or (b), then upon Executive's subsequent death, all unpaid amounts payable to Executive under subsections 3(a)(1), (2) or (3) or 3(b), or Section 4, if any, shall be paid to his Beneficiary.

6. No Solicitation of Representatives and Employees. Executive agrees that he shall not, during the Term or the Severance Period, directly or indirectly, in his individual capacity or otherwise, induce, cause, persuade, or attempt to do any of the foregoing in order to cause, any representative, agent or employee of Employer to terminate such person's employment relationship with Employer, or to violate the terms of any agreement between said representative, agent or employee and Employer.

7. Confidentiality. Executive acknowledges that preservation of a continuing business relationship between Employer and their respective customers, representatives, and employees is of critical importance to the continued business success of Employer and that it is the active policy of Employer to guard as confidential certain information not available to the public and relating to the business affairs of Employer. In view of the foregoing, Executive agrees that he shall not during the Term and at any time thereafter, without the prior written consent of Employer, disclose to any person or entity any such confidential information that was obtained by Executive in the course of his employment by Employer. This section shall not be applicable if and to the extent Executive is required to testify in a legislative, judicial or regulatory proceeding pursuant to an order of Congress, any state or local legislature, a judge, or an administrative law judge or is otherwise required by law to disclose such information.

8. Forfeiture. If Executive shall at any time violate any obligation of his under Sections 6 or 7 in a manner that results in significant damage to the Employer or its business, he shall immediately forfeit his right to any benefits under this Agreement, and Employer shall thereafter have no further obligation hereunder to Executive or his spouse, Beneficiary or any other person.

9. Executive Assignment. No interest of Executive, his spouse or any Beneficiary, or any other beneficiary under the Pension Plans, under this Agreement, or any right to receive any payment or distribution hereunder, shall be subject in any manner to sale, transfer, assignment, pledge, attachment, garnishment, or other alienation or encumbrance of any kind, nor may such interest or right to receive a payment or distribution be taken, voluntarily or involuntarily, for the satisfaction of the obligations or debts of, or other claims against, Executive or his spouse, Beneficiary or other beneficiary, including claims for alimony, support, separate maintenance, and claims in bankruptcy proceedings.

10. Benefits Unfunded. All rights under this Agreement of Executive and his spouse, Beneficiary or other beneficiary under the Pension Plans, shall at all times be entirely unfunded, and no provision shall at any time be made with respect to segregating any assets of Employer for payment of any amounts due hereunder. None of Executive, his spouse, Beneficiary or any other beneficiary under the Pension Plans shall have any interest in or rights against any specific assets of Employer, and Executive and his spouse, Beneficiary or other beneficiary shall have only the rights of a general unsecured creditor of Employer.

11. Waiver. No waiver by any party at any time of any breach by the other party of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of any other provisions or conditions at the same time or at any prior or subsequent time.

12. Litigation Expenses. Following the occurrence of Change in Control, Employer shall pay Executive's reasonable attorneys' fees and legal expenses in connection with any judicial proceeding to enforce this Agreement, or to construe or determine the validity of this Agreement or otherwise in the event Executive is successful in one material claim in such litigation. Such reimbursement shall occur by March 15 of the calendar year after the calendar year in which such reimbursement obligation as finally determined.

13. Continuing Indemnification and Advancement of Expenses. Following the occurrence of a Change in Control, to the full extent permitted by law, Employer shall indemnify Executive against any actual or threatened action, suit or proceeding, whether civil, criminal, administrative or investigative, arising by reason of Executive's status as a director, officer, employee and/or agent of Employer. In addition, to the extent permitted by law, Employer shall advance or reimburse any expenses, including reasonable attorney's fees, Executive incurs in investigating and defending any actual or threatened action, suit or proceeding for which Executive may be entitled to indemnification under this Section 13. Executive agrees to repay any expenses paid or reimbursed by Employer if it is ultimately determined that Executive is not legally entitled to be indemnified by Employer.

14. Applicable Law. This Agreement shall be construed and interpreted pursuant to the laws of Indiana.

15. Entire Agreement. This Agreement contains the entire Agreement between the Employer and Executive and supersedes any and all previous agreements; written or oral; between the parties relating to the subject matter hereof. For the avoidance of doubt, if Executive becomes entitled to the benefits under this Agreement, Executive shall not be eligible for any duplicative benefits under any other agreement, offer letter, plan, program or policy. No amendment or modification of the terms of this Agreement shall be binding upon the parties hereto unless reduced to writing and signed by Employer and Executive.

16. No Employment Contract. Nothing contained in this Agreement shall be construed to be an employment contract between Executive and Employer or provide Executive with the right to continued Employment with Employer.

17. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original.

18. Severability. In the event any provision of this Agreement is held illegal or invalid, the remaining provisions of this Agreement shall not be affected thereby.

19. Successors. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, representatives and successors.

20. Employment with an Affiliate. For purposes of this Agreement, (A) employment or termination of employment of Executive shall mean employment or termination of employment with Employer and all Affiliates, (B) Base Salary and Bonus shall include remuneration received by Executive from Employer and all Affiliates, and (C) the terms Pension Plan, Retirement Plan and Welfare Plan maintained or made available by Employer shall include any such plans of any Affiliate of Employer.

21. Notice. Notices required under this Agreement shall be in writing and sent by registered mail, return receipt requested, to the following addresses or to such other address as the party being notified may have previously furnished to the other party by written notice:

If to Employer:	NiSource Inc. 801 E. 86th Avenue Merrillville, Indiana 46410 Attention: Robert D. Campbell
If to Executive:	[NAME ADDRESS]

22. 409A Savings Clause. Employer and Executive intend that this Agreement be interpreted in a manner that is compliant with Code Section 409A so that Executive does not incur additional taxes or penalties under Code Section 409A. If and to the extent that any payment or benefit under this Agreement is determined by Employer to constitute “non-qualified deferred compensation” subject to Code Section 409A and is payable to Executive by reason of Executive’s termination of employment, then (a) such payment or benefit shall be made or provided to Executive only upon a “separation from service” as defined for purposes of Code Section 409A under applicable regulations and (b) if Executive is a “specified employee” (within the meaning of Code Section 409A and as determined by Employer), such payment or benefit shall not be made or provided before the date that is six months after the date of Executive’s separation from service (or Executive’s earlier death). Any amount not paid in respect of the six month period specified in the preceding sentence will be paid to Executive in a lump sum after the expiration of such six month period. Any such payment or benefit shall be treated as a separate payment for purposes of Code Section 409A to the extent Code Section 409A applies to such payments. Further, to the extent any such payment is to be made because of a termination for Good Reason or Change in Control under this Agreement, such Good Reason or Change in Control event shall be interpreted in a manner consistent with the definition of “good reason” or “change in control” for purposes of Code Section 409A.

IN WITNESS WHEREOF, Executive has hereunto set his hand, and Employer has caused these presents to be executed in its name on its behalf, all on the day of [DATE].

NISOURCE INC.

By: _____
Title: Executive Vice President,
Corporate Affairs and Human Resources

EXECUTIVE

Executive

NISOURCE INC/DE

FORM 8-K (Current report filing)

Filed 11/03/15 for the Period Ending 11/03/15

Address	801 EAST 86TH AVE MERRILLVILLE, IN 46410-6272
Telephone	2196475200
CIK	0001111711
Symbol	NI
Fiscal Year	12/31

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

**Pursuant To Section 13 OR 15(d) of The
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): November 3, 2015

NiSource Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction
of incorporation or organization)

001-16189

Commission
file number

35-2108964

(I.R.S. Employer
Identification No.)

**801 East 86th Avenue
Merrillville, Indiana**

(Address of principal executive offices)

46410

(Zip Code)

Registrant's telephone number, including area code (877) 647-5990

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions.

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2 (b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4 (c))
-

ITEM 2.02. RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On November 3, 2015, NiSource Inc. (the “Company”) reported its financial results for the quarter ended September 30, 2015. The Company’s press release, dated November 3, 2015, is attached as Exhibit 99.1.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press Release, dated November 3, 2015, issued by NiSource Inc.

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 hereunto duly authorized.

NiSource Inc.

(Registrant)

Date: November 3, 2015

By:

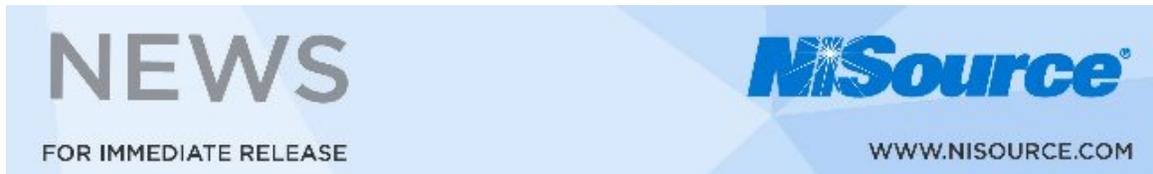
/s/ Joseph W. Mulpas

Joseph W. Mulpas

Vice President and Chief Accounting Officer

EXHIBIT INDEX

Exhibit Number	Description
99.1	Press Release, dated November 3, 2015, issued by NiSource Inc.



November 3, 2015

FOR ADDITIONAL INFORMATION

Media

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 Manager, Communications
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Investors

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NiSource Reports Third Quarter 2015 Earnings

- Solid results, in line with expectations, reinforce strength of pure-play utility business plan
- Earnings growth driven by disciplined execution of infrastructure and environmental investments
- Ongoing investments provide long-term safety and reliability benefits to customers and communities
- Columbia Pipeline Group separation successfully completed; CPG results now classified as discontinued operations

MERRILLVILLE, Ind. - NiSource Inc. (NYSE: NI) today announced net operating earnings (non-GAAP) of \$18.5 million, or \$0.06 per share, for the three months ended Sept. 30, 2015, compared with a loss of \$8.7 million, or \$0.03 per share, for the same period in 2014. Operating earnings (non-GAAP) for the third quarter were \$115.8 million, compared to \$84.7 million in the same prior year period.

On a GAAP basis, NiSource reported income from continuing operations of \$14.8 million, or \$0.05 per share, for the three months ended Sept. 30, 2015, compared with a loss of \$17.2 million, or \$0.05 per share, for the same period in 2014. Operating income for the third quarter was \$109.7 million, compared to \$71.1 million in the same prior year period. Schedules 1 and 2 of this news release contain a reconciliation of net operating earnings and operating earnings to GAAP net income and operating income, respectively.

On July 1, 2015, NiSource successfully completed the separation of Columbia Pipeline Group (CPG) through a distribution of all of the common stock of CPG held by NiSource to NiSource shareholders. As a result, CPG financial results for all periods are classified as discontinued operations.

“Our solid results during our first quarter as a pure-play utility company demonstrate that we’re well-positioned for sustainable long-term growth powered by steady and consistent earnings drivers,” said NiSource President and CEO **Joseph Hamrock**. “Our ongoing infrastructure and environmental investments deliver value for our customers and the communities we serve by enhancing safety and reliability and benefitting our environment.”

Third Quarter 2015 Highlights

During the third quarter, NiSource remained on track to invest approximately \$1.3 billion in 2015 as part of its \$30 billion of long-term regulated utility infrastructure investment opportunities. It also made significant progress in advancing regulatory and customer programs in several key states.

Gas Distribution Operations

- On Oct. 7, 2015, **Columbia Gas of Massachusetts (CMA)** received approval of its base rate case settlement by the Massachusetts Department of Public Utilities. The settlement with the Massachusetts Attorney General supports CMA's continued effort to modernize its pipeline infrastructure and transform its operations to continue to serve customers safely and reliably. The approved settlement provides for increased annual revenues of \$32.8 million beginning Nov. 1, 2015, with an additional \$3.6 million annual increase starting Nov. 1, 2016.
- **Columbia Gas of Pennsylvania (CPA)** has reached a settlement with parties to its base rate case pending before the Pennsylvania Public Utility Commission. Under terms of the settlement, CPA's annual revenues would increase by approximately \$28 million, an outcome which supports continued infrastructure replacement, pipeline safety upgrades and enhanced employee training. The settlement also includes a tariff supporting the expansion of natural gas service into unserved areas. A decision on the settlement from the Pennsylvania commission, with new rates in effect, is expected by the end of the year.
- On Aug. 21, 2015, **Columbia Gas of Virginia (CVA)** received final commission approval of its 2014 base rate case. The commission reaffirmed the \$25.2 million annual revenue increase. The approved case supports continued capital investments by CVA to improve its system and accommodate customer growth, as well as initiatives to enhance safety and reliability.
- On Oct. 23, 2015, CVA received regulatory approval of its application for a five-year extension of its infrastructure replacement program under the SAVE Act (Steps to Advance Virginia's Energy Plan). The company plans to invest \$150 million on its infrastructure modernization programs from 2016-2020. The approval provides for timely recovery of such investments through an annual tracker mechanism.
- **Northern Indiana Public Service Co. (NIPSCO)** continued executing on its seven-year, \$817 million natural gas system modernization program. NIPSCO filed its semi-annual tracker update on Aug. 31, 2015 and expects to make its next filing in spring 2016.

Electric Operations

- Consistent with a May 26, 2015 settlement **NIPSCO** reached with the Indiana Office of Utility Consumer Counselor and NIPSCO's largest industrial customers, the company filed a rate case and is expected to file a new seven-year **electric infrastructure modernization plan** with the Indiana Utility Regulatory Commission (IURC). The May 26 settlement remains pending before the IURC.
- NIPSCO's **first electric rate case in five years** was filed with the IURC on Oct. 1, 2015. The case seeks to update rates to reflect the current costs of generating and distributing power, plus ongoing investments which are delivering substantial benefits to customers including programs that have reduced the duration of power outages by 40 percent. The request also seeks to create a bill payment assistance program for low-income electric customers during the summer cooling season. A decision by the IURC is expected in the third quarter of 2016.

- NIPSCO's **Michigan City flue gas desulfurization unit** is set to be placed in service by the end of the year - on schedule and on budget. The approximately \$255 million project, supported with cost recovery, improves air quality and helps ensure NIPSCO's generation fleet remains in compliance with current environmental regulations. It also helps ensure that NIPSCO can continue offering low-cost, reliable and efficient generating capacity for its customers.
- Progress also continued on **two major electric transmission projects** designed to enhance region-wide system flexibility and reliability. Right-of-way acquisition and permitting are under way for both projects and substation construction has begun on both projects. These projects involve an investment of approximately \$500 million for NIPSCO and are anticipated to be in service by the end of 2018.

2016 Guidance, Growth Commitments, Reaffirmed

NiSource CEO Joseph Hamrock reaffirmed that NiSource expects to deliver non-GAAP net operating earnings per share of \$1.00 to \$1.10 in 2016.

As previously disclosed, NiSource expects to make approximately \$1.4 billion in planned infrastructure enhancement investments in 2016 as part of its \$30 billion in infrastructure investment opportunities, which should support the company's projected long-term earnings and dividend growth projections of 4-6% annually.

NiSource remains committed to maintaining solid, investment grade credit ratings. Standard & Poor's rates NiSource at BBB+, Fitch Ratings' outlook on NiSource is BBB- (positive) and Moody's rates NiSource at Baa2. As of Sept. 30, 2015, NiSource maintained \$1.6 billion in net available liquidity.

Third Quarter 2015 Operating Earnings - Segment Results (non-GAAP)

NiSource's consolidated operating earnings (non-GAAP) for the three months ended Sept. 30, 2015, were \$115.8 million, compared to \$84.7 million for the same period in 2014. Operating earnings (non-GAAP) for NiSource's business segments for the three months ended Sept. 30, 2015, are discussed below. Refer to Schedule 2 for a reconciliation of operating earnings (non-GAAP) to GAAP operating income.

Gas Distribution Operations reported operating earnings of \$21.6 million for the three months ended Sept. 30, 2015, compared with operating earnings of \$1.0 million for the same prior year period. Net revenues, excluding the impact of trackers, increased by \$18.5 million primarily attributable to the implementation of rates under Columbia Gas of Ohio's (COH) approved infrastructure replacement program, as well as the impact of new rates at CVA and CPA.

Operating expenses, excluding the impact of trackers, decreased by \$2.1 million from the comparable 2014 period.

Electric Operations reported operating earnings of \$101.6 million for the three months ended Sept. 30, 2015, compared with operating earnings of \$90.2 million for the same prior year period. Net revenues, excluding the impact of trackers, decreased by \$0.8 million from the comparable 2014 period.

Operating expenses, excluding the impact of trackers, decreased by \$12.2 million from the comparable 2014 period primarily as a result of lower employee and administrative costs.

Corporate and Other Operations reported an operating earnings loss of \$7.4 million for the three months ended Sept. 30, 2015, compared with an operating earnings loss of \$6.5 million for the three months ended Sept. 30, 2014.

Other Items

Interest expense, net was \$94.9 million for the three months ended Sept. 30, 2015 compared to interest expense, net of \$94.7 million for the same prior year period.

Other, net reflected income of \$5.8 million compared to income of \$5.7 million in the comparable 2014 period.

Income taxes were \$8.2 million for the three months ended Sept. 30, 2015 compared to \$4.4 million for the same prior year period.

Nine Month Period 2015 Operating Earnings - Segment Results (non-GAAP)

NiSource's consolidated operating earnings (non-GAAP) for the nine months ended Sept. 30, 2015, were \$583.2 million, compared to \$550.7 million for the same period in 2014. Operating earnings (non-GAAP) for NiSource's business segments for the nine months ended Sept. 30, 2015, are discussed below. Refer to Schedule 2 for a reconciliation of operating earnings (non-GAAP) to GAAP operating income.

Gas Distribution Operations reported operating earnings of \$383.0 million for the nine months ended Sept. 30, 2015, compared with operating earnings of \$343.6 million for the same prior year period. Net revenues, excluding the impact of trackers, increased by \$78.6 million primarily attributable to increases in regulatory and service programs, including the impact of new rates at CPA and CVA and the implementation of rates under COH's approved infrastructure replacement program.

Operating expenses, excluding the impact of trackers, increased by \$39.2 million due primarily to increased employee and administrative costs, higher depreciation and increased property taxes.

Electric Operations reported operating earnings of \$225.4 million for the nine months ended Sept. 30, 2015, compared with operating earnings of \$224.2 million for the same prior year period. Net revenues, excluding the impact of trackers, decreased by \$2.8 million from the comparable 2014 period.

Operating expenses, excluding the impact of trackers, decreased by \$4.0 million from the comparable 2014 period.

Corporate and Other Operations reported an operating earnings loss of \$25.2 million for the nine months ended Sept. 30, 2015, compared with an operating earnings loss of \$17.1 million for the nine months ended Sept. 30, 2014. The increase in operating earnings loss is primarily due to higher employee and administrative costs.

Other Items

Interest expense, net was \$285.9 million for the nine months ended Sept. 30, 2015 compared to interest expense, net of \$287.4 million for the same prior year period.

Other, net reflected income of \$11.6 million compared to income of \$13.4 million in 2014.

The effective tax rate of net operating earnings was 35.5 percent compared to 36.1 percent for the same period last year.

About NiSource

NiSource Inc. (NYSE: NI) is one of the largest fully-regulated utility companies in the United States, serving approximately 3.5 million natural gas customers and 500,000 electric customers across seven states through its local Columbia Gas and NIPSCO brands. Based in Merrillville, Indiana, NiSource's more than 7,000 employees are focused on safely delivering reliable and affordable energy to our customers and communities we serve. NiSource has been designated a World's Most Ethical Company by the Ethisphere Institute since 2012 and is a member of the Dow Jones Sustainability - North America Index. Additional information about NiSource, its investments in modern infrastructure and systems, its commitments and its local brands can be found at

www.nisource.com. NI-F

Regulation G Disclosure Statement

This press release includes NiSource's financial results with respect to net operating earnings from continuing operations and operating earnings, which are non-GAAP financial measures as defined by the SEC's Regulation G. The Company includes such measures because management believes they permit investors to view the Company's performance using the same tools that management uses and to better evaluate the Company's ongoing business performance. It should be noted that there will likely be differences between these non-GAAP financial measures and GAAP equivalents due to various factors, including, but not limited to, weather, restructuring, environmental, the impact of asset sales and asset impairments, and separation related costs and expenses and accounting changes. NiSource is not able to estimate the impact of such factors on GAAP earnings and, as such, is not providing earnings guidance on a GAAP basis.

Forward-Looking Statements

This news release contains forward-looking statements within the meaning of federal securities laws. These forward-looking statements are subject to various risks and uncertainties. Examples of forward-looking statements in this release include statements and expectations regarding NiSource's business, performance and growth. Factors that could cause actual results to differ

materially from the projections, forecasts, estimates and expectations discussed in this release include, but are not limited to, NiSource's debt obligations and ability to comply with related covenants, changes in NiSource's credit rating, growth opportunities for NiSource's businesses, changes in general economic and market conditions, regulatory rate reviews and proceedings, increased competition in deregulated energy markets, compliance with environmental laws, fluctuations in weather, climate change, natural disasters, acts of terrorism and other catastrophic events, economic conditions in certain industries, fluctuations in the price of energy commodities, counterparty credit risk, any impairment of goodwill and definite-lived intangible assets, changes in taxation or accounting principles, accidents and other operating risks, aging infrastructure, disruptions in information technology and cyber-attacks, NiSource's ability to achieve the intended benefits of the separation and other matters set forth in the "Risk Factors" section in NiSource's 2014 Form 10-K and other filings with the Securities and Exchange Commission, many of which are beyond the control of NiSource. In addition, the relative contributions to profitability by each segment, and the assumptions underlying the forward-looking statements relating thereto, may change over time. NiSource expressly disclaims any duty to update, supplement or amend any of its forward-looking statements contained in this release, whether as a result of new information, subsequent events or otherwise, except as required by applicable law.

NiSource Inc.
Consolidated Net Operating Earnings (Non-GAAP)
(unaudited)

<i>(in millions, except per share amounts)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Net Revenues				
Gas Distribution	\$ 209.7	\$ 240.4	\$ 1,582.8	\$ 1,860.1
Gas Transportation	172.1	170.5	739.9	710.4
Electric	431.5	437.9	1,199.9	1,285.0
Other	7.8	2.8	19.9	10.4
Gross Revenues	821.1	851.6	3,542.5	3,865.9
Cost of Sales (excluding depreciation and amortization)	209.1	262.3	1,307.3	1,769.4
Total Net Revenues	612.0	589.3	2,235.2	2,096.5
Operating Expenses				
Operation and maintenance	292.1	306.9	914.0	893.9
Operation and maintenance - trackers	17.9	20.5	149.8	96.6
Depreciation and amortization	126.9	122.6	380.1	361.2
Depreciation and amortization - trackers	5.6	1.2	10.9	1.9
Other taxes	45.1	45.4	143.7	139.0
Other taxes - trackers	8.6	8.0	53.5	53.2
Total Operating Expenses	496.2	504.6	1,652.0	1,545.8
Operating Earnings	115.8	84.7	583.2	550.7
Other Income (Deductions)				
Interest expense, net	(94.9)	(94.7)	(285.9)	(287.4)
Other, net	5.8	5.7	11.6	13.4
Total Other Deductions	(89.1)	(89.0)	(274.3)	(274.0)
Operating Earnings (Loss) From Continuing Operations				
Before Income Taxes	26.7	(4.3)	308.9	276.7
Income Taxes	8.2	4.4	109.7	99.9
Net Operating Earnings (Loss) from Continuing Operations	18.5	(8.7)	199.2	176.8
GAAP Adjustment	(3.7)	(8.5)	(65.0)	(0.1)
GAAP Income (Loss) from Continuing Operations	\$ 14.8	\$ (17.2)	\$ 134.2	\$ 176.7
Basic Net Operating Earnings (Loss) Per Share from Continuing Operations	\$ 0.06	\$ (0.03)	\$ 0.63	\$ 0.56
GAAP Basic Earnings (Loss) Per Share from Continuing Operations	\$ 0.05	\$ (0.05)	\$ 0.42	\$ 0.56
Basic Average Common Shares Outstanding	318.1	315.4	317.4	314.9

NiSource Inc.
Segment Operating Earnings (Non-GAAP)
(unaudited)

Gas Distribution Operations <i>(in millions)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Net Revenues				
Sales revenues	\$ 385.5	\$ 412.1	\$ 2,337.0	\$ 2,575.5
Less: Cost of gas sold	73.9	114.6	929.9	1,294.8
Net Revenues	311.6	297.5	1,407.1	1,280.7
Operating Expenses				
Operation and maintenance	187.4	194.8	588.2	565.9
Operation and maintenance - trackers	9.0	14.0	126.0	78.5
Depreciation and amortization	58.5	55.4	172.8	161.7
Other taxes	26.5	24.3	83.6	77.8
Other taxes - trackers	8.6	8.0	53.5	53.2
Total Operating Expenses	290.0	296.5	1,024.1	937.1
Operating Earnings	\$ 21.6	\$ 1.0	\$ 383.0	\$ 343.6
GAAP Adjustment	(1.6)	(0.2)	11.9	18.8
GAAP Operating Income	\$ 20.0	\$ 0.8	\$ 394.9	\$ 362.4

Electric Operations <i>(in millions)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Net Revenues				
Sales revenues	\$ 431.7	\$ 438.0	\$ 1,201.3	\$ 1,286.1
Less: Cost of sales	135.2	147.5	377.5	474.2
Net Revenues	296.5	290.5	823.8	811.9
Operating Expenses				
Operation and maintenance	101.3	114.0	325.9	337.1
Operation and maintenance - trackers	8.9	6.5	23.8	18.1
Depreciation and amortization	63.0	61.2	188.4	181.0
Depreciation and amortization - trackers	5.6	1.2	10.9	1.9
Other taxes	16.1	17.4	49.4	49.6
Total Operating Expenses	194.9	200.3	598.4	587.7
Operating Earnings	\$ 101.6	\$ 90.2	\$ 225.4	\$ 224.2
GAAP Adjustment	(3.1)	(13.3)	(11.2)	(5.5)
GAAP Operating Income	\$ 98.5	\$ 76.9	\$ 214.2	\$ 218.7

Corporate and Other Operations <i>(in millions)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Operating Earnings Loss	\$ (7.4)	\$ (6.5)	\$ (25.2)	\$ (17.1)
GAAP Adjustment	(1.4)	(0.1)	(3.5)	(1.8)
GAAP Operating Loss	\$ (8.8)	\$ (6.6)	\$ (28.7)	\$ (18.9)

NiSource Inc.
Segment Volumes and Statistical Data

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Gas Distribution Operations				
Sales and Transportation (MMDth)				
Residential	14.5	15.4	198.0	206.9
Commercial	16.4	17.5	130.2	135.0
Industrial	127.4	126.2	397.8	384.7
Off System	5.2	7.1	24.7	35.6
Other	0.1	—	(0.2)	(0.1)
Total	163.6	166.2	750.5	762.1
Weather Adjustment	0.9	—	(28.3)	(33.8)
Sales and Transportation Volumes - Excluding Weather	164.5	166.2	722.2	728.3

Heating Degree Days	43	100	3,936	4,092
Normal Heating Degree Days	85	85	3,576	3,576
% (Warmer) Colder than Normal	(49)%	18 %	10 %	14 %

Customers				
Residential			3,058,415	3,035,401
Commercial			277,525	276,923
Industrial			7,233	7,512
Other			14	15
Total			3,343,187	3,319,851

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Electric Operations				
Sales (Gigawatt Hours)				
Residential	1,001.9	915.2	2,584.6	2,604.6
Commercial	1,066.7	1,031.6	2,935.8	2,932.0
Industrial	2,270.3	2,504.7	6,990.7	7,567.6
Wholesale	76.9	161.4	194.8	485.3
Other	36.1	36.4	105.2	104.7
Total	4,451.9	4,649.3	12,811.1	13,694.2
Weather Adjustment	48.3	193.7	19.4	79.3
Sales Volumes - Excluding Weather	4,500.2	4,843.0	12,830.5	13,773.5

Cooling Degree Days	529	381	758	657
Normal Cooling Degree Days	570	570	799	799
% Colder than Normal	(7)%	(33)%	(5)%	(18)%

Electric Customers				
Residential			403,468	401,683
Commercial			54,841	54,383
Industrial			2,351	2,364
Wholesale			746	751
Other			3	4
Total			461,409	459,185

NiSource Inc.
Schedule 1 – Reconciliation of Net Operating Earnings to GAAP

<i>(in millions, except per share amounts)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Net Operating Earnings (Loss) from Continuing Operations	\$ 18.5	\$ (8.7)	\$ 199.2	\$ 176.8
Items excluded from operating earnings				
Net Revenues:				
Weather - compared to normal	(3.9)	(13.5)	11.5	13.0
Operating Expenses:				
Transaction costs	(1.1)	—	(3.1)	—
Environmental costs	—	—	(10.0)	—
Loss on sale of assets	(1.1)	(0.1)	(1.2)	(1.5)
Total items excluded from operating earnings	(6.1)	(13.6)	(2.8)	11.5
Other Deductions:				
Loss on extinguishment of long-term debt	—	—	(97.2)	—
Income taxes - discrete items	—	—	(3.3)	(7.0)
Tax effect of above items	2.4	5.1	38.3	(4.6)
Total items excluded from net operating earnings	(3.7)	(8.5)	(65.0)	(0.1)
GAAP Income (Loss) from Continuing Operations	\$ 14.8	\$ (17.2)	\$ 134.2	\$ 176.7
Basic Average Common Shares Outstanding	318.1	315.4	317.4	314.9
Basic Net Operating Earnings (Loss) Per Share from Continuing Operations	\$ 0.06	\$ (0.03)	\$ 0.63	\$ 0.56
Items excluded from net operating earnings (after-tax)	(0.01)	(0.02)	(0.21)	—
GAAP Basic Earnings (Loss) Per Share from Continuing Operations	\$ 0.05	\$ (0.05)	\$ 0.42	\$ 0.56

NiSource Inc.

Schedule 2 – Adjustments by Segment from Operating Earnings to GAAP
For the Quarter ended September 30,

2015 (in millions)	Gas Distribution	Electric	Corporate & Other	Total
Operating Earnings (Loss)	\$ 21.6	\$ 101.6	\$ (7.4)	\$ 115.8
Net Revenues:				
Weather - compared to normal	(0.8)	(3.1)	—	(3.9)
Total Impact - Net Revenues	(0.8)	(3.1)	—	(3.9)
Operating Expenses:				
Transaction costs	—	—	(1.1)	(1.1)
Loss on sale of assets	(0.8)	—	(0.3)	(1.1)
Total Impact - Operating Expenses	(0.8)	—	(1.4)	(2.2)
Total Impact - Operating Loss	\$ (1.6)	\$ (3.1)	\$ (1.4)	\$ (6.1)
Operating Income (Loss) - GAAP	\$ 20.0	\$ 98.5	\$ (8.8)	\$ 109.7

2014 (in millions)	Gas Distribution	Electric	Corporate & Other	Total
Operating Earnings (Loss)	\$ 1.0	\$ 90.2	\$ (6.5)	\$ 84.7
Net Revenues:				
Weather - compared to normal	(0.2)	(13.3)	—	(13.5)
Total Impact - Net Revenues	(0.2)	(13.3)	—	(13.5)
Operating Expenses:				
Loss on sale of assets	—	—	(0.1)	(0.1)
Total Impact - Operating Expenses	—	—	(0.1)	(0.1)
Total Impact - Operating Loss	\$ (0.2)	\$ (13.3)	\$ (0.1)	\$ (13.6)
Operating Income (Loss) - GAAP	\$ 0.8	\$ 76.9	\$ (6.6)	\$ 71.1

NiSource Inc.
Schedule 2 – Adjustments by Segment from Operating Earnings to GAAP
For the Nine Months ended September 30,

2015 (in millions)	Gas Distribution	Electric	Corporate & Other	Total
Operating Earnings (Loss)	\$ 383.0	\$ 225.4	\$ (25.2)	\$ 583.2
Net Revenues:				
Weather - compared to normal	12.7	(1.2)	—	11.5
Total Impact - Net Revenues	12.7	(1.2)	—	11.5
Operating Expenses:				
Environmental costs	—	(10.0)	—	(10.0)
Transaction costs	—	—	(3.1)	(3.1)
Loss on sale of assets	(0.8)	—	(0.4)	(1.2)
Total Impact - Operating Expenses	(0.8)	(10.0)	(3.5)	(14.3)
Total Impact - Operating Income (Loss)	\$ 11.9	\$ (11.2)	\$ (3.5)	\$ (2.8)
Operating Income (Loss) - GAAP	\$ 394.9	\$ 214.2	\$ (28.7)	\$ 580.4

2014 (in millions)	Gas Distribution	Electric	Corporate & Other	Total
Operating Earnings (Loss)	\$ 343.6	\$ 224.2	\$ (17.1)	\$ 550.7
Net Revenues:				
Weather - compared to normal	18.6	(5.6)	—	13.0
Total Impact - Net Revenues	18.6	(5.6)	—	13.0
Operating Expenses:				
Gain (Loss) on sale of assets	0.2	0.1	(1.8)	(1.5)
Total Impact - Operating Expenses	0.2	0.1	(1.8)	(1.5)
Total Impact - Operating Income (Loss)	\$ 18.8	\$ (5.5)	\$ (1.8)	\$ 11.5
Operating Income (Loss) - GAAP	\$ 362.4	\$ 218.7	\$ (18.9)	\$ 562.2

NiSource Inc.
Consolidated Income Statements (GAAP)
(unaudited)

<i>(in millions, except per share amounts)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Net Revenues				
Gas Distribution	\$ 208.9	\$ 240.3	\$ 1,595.5	\$ 1,878.8
Gas Transportation	172.1	170.5	739.9	710.5
Electric	428.4	424.6	1,198.7	1,279.4
Other	7.8	2.8	19.9	10.4
Gross Revenues	817.2	838.2	3,554.0	3,879.1
Cost of Sales (excluding depreciation and amortization)	209.1	262.4	1,307.3	1,769.6
Total Net Revenues	608.1	575.8	2,246.7	2,109.5
Operating Expenses				
Operation and maintenance	311.1	327.4	1,076.9	990.5
Depreciation and amortization	132.5	123.8	391.0	363.1
Loss on sale of assets	1.1	0.1	1.2	1.5
Other taxes	53.7	53.4	197.2	192.2
Total Operating Expenses	498.4	504.7	1,666.3	1,547.3
Operating Income	109.7	71.1	580.4	562.2
Other Income (Deductions)				
Interest expense, net	(94.9)	(94.7)	(285.9)	(287.4)
Other, net	5.8	5.7	11.6	13.4
Loss on early extinguishment of long-term debt	—	—	(97.2)	—
Total Other Deductions	(89.1)	(89.0)	(371.5)	(274.0)
Income (Loss) from Continuing Operations before Income Taxes	20.6	(17.9)	208.9	288.2
Income Taxes	5.8	(0.7)	74.7	111.5
Income (Loss) from Continuing Operations	14.8	(17.2)	134.2	176.7
(Loss) Income from Discontinued Operations - net of taxes	(19.7)	48.6	108.5	199.1
Net (Loss) Income	(4.9)	31.4	242.7	375.8
Less: Net income attributable to noncontrolling interest	—	—	15.6	—
Net (Loss) Income attributable to NiSource	\$ (4.9)	\$ 31.4	\$ 227.1	\$ 375.8
Amounts attributable to NiSource:				
Income (Loss) from continuing operations	\$ 14.8	\$ (17.2)	\$ 134.2	\$ 176.7
(Loss) Income from discontinued operations	(19.7)	48.6	92.9	199.1
Net (Loss) Income attributable to NiSource	\$ (4.9)	\$ 31.4	\$ 227.1	\$ 375.8
Basic (Loss) Earnings Per Share				
Continuing operations	\$ 0.05	\$ (0.05)	\$ 0.42	\$ 0.56
Discontinued operations	(0.07)	0.15	0.30	0.63
Basic (Loss) Earnings Per Share	\$ (0.02)	\$ 0.10	\$ 0.72	\$ 1.19
Diluted (Loss) Earnings Per Share				
Continuing operations	\$ 0.05	\$ (0.05)	\$ 0.42	\$ 0.56
Discontinued operations	(0.07)	0.15	0.29	0.63
Diluted (Loss) Earnings Per Share	\$ (0.02)	\$ 0.10	\$ 0.71	\$ 1.19
Dividends Declared Per Common Share	\$ 0.31	\$ 0.26	\$ 0.83	\$ 1.02
Basic Average Common Shares Outstanding	318.1	315.4	317.4	314.9
Diluted Average Common Shares	321.5	315.4	320.7	316.0

NiSource Inc.
Consolidated Balance Sheets (GAAP)
(unaudited)

<i>(in millions)</i>	September 30, 2015	December 31, 2014
ASSETS		
Property, Plant and Equipment		
Utility plant	\$ 18,484.8	\$ 17,668.4
Accumulated depreciation and amortization	(6,811.5)	(6,629.5)
Net utility plant	11,673.3	11,038.9
Other property, at cost, less accumulated depreciation	17.4	18.5
Net Property, Plant and Equipment	11,690.7	11,057.4
Investments and Other Assets		
Unconsolidated affiliates	6.7	8.3
Other investments	195.8	204.8
Total Investments and Other Assets	202.5	213.1
Current Assets		
Cash and cash equivalents	31.7	24.9
Restricted cash	27.9	24.9
Accounts receivable (less reserve of \$20.7 and \$24.9, respectively)	500.5	920.8
Gas inventory	398.9	440.3
Underrecovered gas costs	7.1	32.0
Materials and supplies, at average cost	84.2	81.1
Electric production fuel, at average cost	81.1	64.8
Exchange gas receivable	19.7	28.3
Assets of discontinued operations	—	341.3
Regulatory assets	183.7	187.4
Deferred income taxes	227.1	214.2
Prepayments and other	75.9	106.5
Total Current Assets	1,637.8	2,466.5
Other Assets		
Regulatory assets	1,507.5	1,544.5
Goodwill	1,690.7	1,690.7
Intangible assets	256.4	264.7
Assets of discontinued operations	—	7,546.0
Deferred charges and other	70.3	83.4
Total Other Assets	3,524.9	11,129.3
Total Assets	\$ 17,055.9	\$ 24,866.3

NiSource Inc.
Consolidated Balance Sheets (GAAP) (continued)
(unaudited)

<i>(in millions, except share amounts)</i>	September 30, 2015	December 31, 2014
CAPITALIZATION AND LIABILITIES		
Capitalization		
Common Stockholders' Equity		
Common stock - \$0.01 par value, 400,000,000 shares authorized; 318,474,781 and 316,037,421 shares outstanding, respectively	\$ 3.2	\$ 3.2
Additional paid-in capital	5,078.6	4,787.6
Retained (deficit) earnings	(1,182.7)	1,494.0
Accumulated other comprehensive loss	(19.6)	(50.6)
Treasury stock	(79.2)	(58.9)
Total Common Stockholders' Equity	3,800.3	6,175.3
Long-term debt, excluding amounts due within one year	6,133.5	8,155.9
Total Capitalization	9,933.8	14,331.2
Current Liabilities		
Current portion of long-term debt	442.6	266.6
Short-term borrowings	107.2	1,576.9
Accounts payable	349.2	610.1
Dividends payable	49.3	—
Customer deposits and credits	255.4	280.9
Taxes accrued	137.0	169.2
Interest accrued	77.5	140.7
Overrecovered gas and fuel costs	169.2	45.6
Exchange gas payable	66.8	101.5
Deferred revenue	9.3	3.4
Regulatory liabilities	120.2	61.1
Accrued liability for postretirement and postemployment benefits	5.2	5.3
Liabilities of discontinued operations	—	369.0
Legal and environmental	36.8	22.7
Accrued compensation and employee benefits	125.9	166.8
Other accruals	121.7	144.5
Total Current Liabilities	2,073.3	3,964.3
Other Liabilities and Deferred Credits		
Deferred income taxes	2,513.9	2,380.0
Deferred investment tax credits	15.4	17.1
Deferred credits	99.4	100.9
Accrued liability for postretirement and postemployment benefits	665.2	733.9
Liabilities of discontinued operations	—	1,616.3
Regulatory liabilities	1,387.1	1,379.6
Asset retirement obligations	181.2	136.2
Other noncurrent liabilities	186.6	206.8
Total Other Liabilities and Deferred Credits	5,048.8	6,570.8
Commitments and Contingencies		
	—	—
Total Capitalization and Liabilities	\$ 17,055.9	\$ 24,866.3

NiSource Inc.
Statements of Consolidated Cash Flows (GAAP)
(unaudited)

Nine Months Ended September 30, <i>(in millions)</i>	2015	2014
Operating Activities		
Net Income	\$ 242.7	\$ 375.8
Adjustments to Reconcile Net Income to Net Cash from Continuing Operations:		
Loss on early extinguishment of debt	97.2	—
Depreciation and amortization	391.0	363.1
Net changes in price risk management assets and liabilities	2.0	1.9
Deferred income taxes and investment tax credits	60.1	110.1
Deferred revenue	7.3	(0.4)
Stock compensation expense and 401(k) profit sharing contribution	38.6	50.2
Loss on sale of assets	1.2	1.5
Income from unconsolidated affiliates	0.8	0.6
Income from discontinued operations - net of taxes	(108.5)	(199.1)
Amortization of debt related costs	6.8	7.5
AFUDC equity	(7.7)	(7.4)
Changes in Assets and Liabilities		
Accounts receivable	420.3	360.3
Inventories	19.8	(170.5)
Accounts payable	(287.5)	(228.7)
Customer deposits and credits	(25.5)	(5.0)
Taxes accrued	(30.6)	(31.1)
Interest accrued	(63.1)	(54.7)
Over (Under) recovered gas and fuel costs	148.5	(19.2)
Exchange gas receivable/payable	(26.1)	(57.2)
Other accruals	(57.1)	(29.5)
Prepayments and other current assets	30.1	33.9
Regulatory assets/liabilities	111.1	(18.1)
Postretirement and postemployment benefits	(61.0)	(86.7)
Deferred credits	(1.3)	10.7
Deferred charges and other noncurrent assets	10.8	5.5
Other noncurrent liabilities	(13.6)	5.3
Net Operating Activities from Continuing Operations	906.3	418.8
Net Operating Activities from Discontinued Operations	287.6	467.7
Net Cash Flows from Operating Activities	1,193.9	886.5
Investing Activities		
Capital expenditures	(923.4)	(914.3)
Proceeds from disposition of assets	4.3	1.6
Restricted cash deposits	(3.0)	(8.1)
Cash contributions from CPG	3,798.2	—
Other investing activities	(39.9)	(7.4)
Net Investing Activities from (used for) Continuing Operations	2,836.2	(928.2)
Net Investing Activities used for Discontinued Operations	(430.0)	(584.0)
Net Cash Flows from (used for) Investing Activities	2,406.2	(1,512.2)
Financing Activities		
Cash of CPG at Separation	(136.8)	—
Issuance of long-term debt	—	748.4
Repayments of long-term debt and capital lease obligations	(1,859.1)	(517.1)
Premiums and other debt related costs	(93.5)	—
Change in short-term borrowings, net	(1,396.6)	612.3
Issuance of common stock	17.9	22.4

Acquisition of treasury stock	(20.3)	(10.2)
Dividends paid - common stock	(214.0)	(239.2)
Net Financing Activities (used for) from Continuing Operations	(3,702.4)	616.6
Net Financing Activities from Discontinued Operations	108.6	—
Net Cash Flows (used for) from Financing Activities	(3,593.8)	616.6
Change in cash and cash equivalents from continuing operations	40.1	107.2
Change in cash and cash equivalents used for discontinued operations	(33.8)	(116.3)
Change in cash included in discontinued operations	0.5	(0.1)
Cash and cash equivalents at beginning of period	24.9	26.5
Cash and Cash Equivalents at End of Period	\$ 31.7	\$ 17.3

NISOURCE INC/DE

FORM 8-K (Current report filing)

Filed 12/18/15 for the Period Ending 12/17/15

Address	801 EAST 86TH AVE MERRILLVILLE, IN 46410-6272
Telephone	2196475200
CIK	0001111711
Symbol	NI
Fiscal Year	12/31

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

**Pursuant To Section 13 OR 15(d) of The
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): December 17, 2015

NiSource Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction
of incorporation or organization)

001-16189

Commission
file number

35-2108964

(I.R.S. Employer
Identification No.)

**801 East 86th Avenue
Merrillville, Indiana**

(Address of principal executive offices)

46410

(Zip Code)

Registrant's telephone number, including area code (877) 647-5990

Not Applicable

(Former Name or Former Address, if Changed Since
Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions.

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2 (b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4 (c))
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ITEM 5.03 Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year.

Effective as of December 17, 2015, the board of directors (the “*Board*”) of NiSource Inc. (the “*Company*”) adopted an amendment and restatement of the Company’s bylaws (the “*Amended and Restated Bylaws*”). The Amended and Restated Bylaws (i) address developments in public company governance and amendments to the Delaware General Corporation Law since the Company last amended its bylaws in 2010, (ii) clarify certain corporate procedures and (iii) make certain other enhancements and technical changes.

The Amended and Restated Bylaws contain new provisions that:

- Update and enhance notice requirements for stockholder proposals (other than stockholder proposals under Rule 14a-8 under the Securities Exchange Act of 1934) and director nominations, requiring any proposing or nominating stockholder, or if applicable, the nominating stockholder’s nominee(s), to, among other things:
 - Provide the same information with respect to the nominating stockholder’s nominee(s) as that required to be provided by persons nominated by the Board;
 - Disclose to the Company derivative holdings and arrangements with any other person in connection with the proposal or nomination;
 - Make a representation regarding whether such stockholder will deliver a proxy statement to a number of stockholders sufficient to approve the stockholder’s proposal or elect the stockholder’s nominee(s); and
 - Agree that the stockholder’s nominee(s) will comply with the Company’s policies.
- Modify the voting standard for contested director elections such that directors are elected by a plurality of the votes cast in the election of directors rather than a plurality that are present, in person or by proxy, at the meeting (no changes were made to the majority voting standard applicable in uncontested elections); and
- In the event that the Chairman of the Board ceases to be independent, provide for an optional Lead Director (similar to the Company’s current independent Chairman of the Board), who is independent and would preside at all meetings of the Board at which the Chairman of the Board is not present, preside over the executive sessions of the independent directors and serve as a liaison between the Chairman of the Board and the Board.

In addition, the Amended and Restated Bylaws contain new provisions that:

- Address the issuance and transfer of uncertificated shares;
- Clarify when notice of stockholder meetings is deemed to be given;
- Clarify that “abstentions” and “broker non-votes” are not counted as a vote cast either “for” or “against” a nominee in an uncontested election;
- Clarify the procedures for adjourning stockholder meetings and that a quorum, once established, shall not be broken by the withdrawal of enough votes to leave less than a quorum;
- Address the appointment of an inspector of election for stockholder meetings;
- Address the authority of certain persons to vote shares of Company stock on behalf of entities and certain other stockholders;
- Clarify that directors who are full-time employees of the Company will not receive any compensation for their services as a director;
- Address the organization and operations of the Board and Board committees, including notice of Board meetings;
- Address transactions with the Company in which directors or officers of the Company have a direct or an indirect interest;
- Clarify that either the Board or the Chief Executive Officer may remove officers at any time with or without cause and that the Board may remove officers at a meeting or by unanimous written consent;
- Clarify that the Company cannot vote shares of treasury stock;
- Address the authority to take certain actions on the Company’s behalf with respect to voting securities owned by the Company; and
- Clarify that stockholders may amend the Amended and Restated Bylaws by majority vote and need not obtain approval of the total number of authorized directors in order to approve amendments to certain provisions of the Amended and Restated Bylaws.

In addition, the Amended and Restated Bylaws update the Company’s bylaws, including to permit electronic notice of stockholder meetings, permit the Board to act by written consent by electronic transmission and reflect the officer positions following the separation of Columbia Pipeline Group, Inc. from the Company. The Amended and Restated Bylaws also delete provisions that applied when the Company had a classified Board and provisions that restated and/or conflicted with the provisions of the Company’s Amended and Restated Certificate of Incorporation.

The foregoing description of the changes effected by the Amended and Restated Bylaws is qualified by reference to the Amended and Restated Bylaws, which are filed as Exhibit 3.1 to this current report on Form 8-K and are incorporated herein by reference.

ITEM 9.01 Financial Statements and Exhibits.

<u>Exhibit Number</u>	<u>Description</u>
3.1	Amended and Restated Bylaws of NiSource Inc., adopted on December 17, 2015

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 hereunto duly authorized.

NISOURCE INC.

December 18, 2015

By: /s/ Carrie J. Hightman

Carrie J. Hightman

Executive Vice President and Chief Legal Officer

EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description</u>
3.1	Amended and Restated Bylaws of NiSource Inc., adopted on December 17, 2015

NISOURCE INC.

AMENDED AND RESTATED

BYLAWS

As Amended through December 17, 2015

BYLAWS
OF
NISOURCE INC.

ARTICLE I

SEAL

The corporate seal shall have inscribed thereon the name of the Corporation, the year of its organization and the words “Corporate Seal, Delaware.” The seal may be used by causing it or a facsimile thereof to be impressed or affixed or otherwise reproduced.

ARTICLE II

OFFICES; BOOKS AND RECORDS

- (a) Registered Office. The Corporation shall maintain a registered office in the State of Delaware.
- (b) Other Offices. The location of the Corporation’s principal office shall be at 801 East 86th Avenue, in the Town of Merrillville, County of Lake, in the State of Indiana. The Corporation may, in addition to its principal office in the State of Indiana, establish and maintain an office or offices in such other states and places as the Board of Directors may from time to time find necessary or desirable.
- (c) Books and Records. The books, documents, and papers of the Corporation, except as may be otherwise required by the laws of the State of Delaware, may be kept outside of the said State at such places as the Board of Directors may from time to time designate.

ARTICLE III

CAPITAL STOCK

- (a) Certificated and Uncertificated Shares. The interest of each stockholder of the Corporation may be evidenced by certificates for shares of stock in such form as the appropriate officers of the Corporation may from time to time prescribe or be uncertificated. The certificates of stock shall be signed, countersigned and registered in such manner as the Board of Directors may by resolution prescribe, which resolution may permit all or any of the signatures on such certificates to be in facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate has ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if such person were such officer, transfer agent or registrar at the date of issue.
 - (b) DRS Eligibility. Notwithstanding anything to the contrary in these amended and restated bylaws of the Corporation (as amended from time to time in accordance with the provisions hereof, these “*Bylaws*”), at all times that the Corporation’s stock is listed on a stock exchange, the shares of the stock of the Corporation shall comply with all direct registration system eligibility requirements established by such exchange, including any requirement that shares of the Corporation’s stock be eligible for issue in book-entry form. All issuances and transfers of shares of the Corporation’s stock shall be entered on the books of the Corporation with all information necessary to comply with such direct registration system eligibility requirements, including the name and address of the person to whom the shares of stock are issued, the number of shares of stock issued and the date of issue. The Board of Directors shall have the power and authority to make such rules and regulations as it may deem necessary or proper concerning the issue, transfer and registration of shares of stock of the Corporation in both the certificated and uncertificated form.
 - (c) Transfer. The shares of the stock of the Corporation shall be transferred on the books of the Corporation, in the case of certificated shares of stock, by the holder thereof in person or by the holder’s attorney duly authorized in writing, upon surrender for cancellation of certificates for at least the same number of shares, with an assignment and power of transfer endorsed thereon or attached thereto, duly executed, with such proof of the authenticity of the signature as the Corporation or its agents
-

may reasonably require; and, in the case of uncertificated shares of stock, upon receipt of proper transfer instructions from the registered holder of the shares or by such person's attorney duly authorized in writing, and upon compliance with appropriate procedures for transferring shares in uncertificated form. No transfer of stock shall be valid as against the Corporation for any purpose until it shall have been entered in the stock records of the Corporation by an entry showing from and to whom transferred.

(d) Record Owners. The person in whose name shares of stock stand on the books of the Corporation shall be deemed the owner thereof for all purposes as regards the Corporation, and the Corporation shall not be bound to recognize any equitable or other claim to or interest in such shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise required by law.

(e) Transfer and Registration. The Board of Directors may make such rules and regulations as it may deem expedient, not inconsistent with these Bylaws, concerning the issue, transfer and registration of certificated and uncertificated shares of the capital stock of the Corporation. It may appoint one or more transfer agents or one or more registrars or both, and may require all certificates of stock to bear the signature of either or both.

(f) Record Date. In order that the Corporation may determine the stockholders entitled to notice of, or to vote at, a meeting of stockholders or any adjournment thereof, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any other change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which shall not be more than 60 nor less than ten days before the date of such meeting, nor more than 60 days prior to any other action. If in any case involving the determination of stockholders for any purpose other than notice of or voting at a meeting of stockholders the Board of Directors shall not fix such a record date, the record date for determining stockholders for such purpose shall be the close of business on the day on which the Board of Directors shall adopt the resolution relating thereto. A determination of stockholders entitled to notice of, or to vote at, a meeting of stockholders, shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

(g) Loss, Destruction or Mutilation of Certificates. In case of loss, destruction or mutilation of any certificate of stock, another may be issued in its place upon proof of such loss, destruction or mutilation and upon the giving to the Corporation of a bond sufficient to indemnify the Corporation, its transfer agents and registrars, against any claim that may be made against it or them on account of the alleged loss or destruction of any such certificate or the issuance of such new certificate; provided, however, that a new certificate may be issued without requiring any bond when, in the judgment of the Board of Directors, it is proper so to do.

ARTICLE IV

STOCKHOLDERS' MEETINGS

(a) Place of Meetings. All meetings of the stockholders of the Corporation shall be held at such place, either within or without the State of Delaware, as the Board of Directors shall determine. The place at which any given meeting shall be held shall be distinctly specified in the notice of such meeting.

(b) Annual Meetings. The annual meeting of the stockholders of the Corporation, for the election of directors and for the transaction of such other business as may properly come before the meeting in accordance with these Bylaws, shall be held on such date and at such time as may be fixed by resolution of the Board of Directors.

(c) Special Meetings. Special meetings of stockholders of the Corporation may be called only by the Board of Directors pursuant to a resolution adopted by a majority of the Entire Board (as defined below) or upon written request of stockholders holding no less than 25% percent of the shares of common stock issued and outstanding. Any such written request shall include the proposed purpose or purposes of the meeting and be accompanied by the information required by this Article IV, including with respect to the requesting stockholders, each proposal to be presented by the requesting stockholders and, if any such proposal involves the election of directors, each person to be nominated by the requesting stockholders for election as a director of the Corporation. Such written request and accompanying information shall be delivered to the Secretary of the Corporation at its principal executive office. In the event a special meeting is properly requested pursuant to this Section (c), then either a majority of the Board of Directors, or the Chairman of the Board, or the President shall cause a special meeting of stockholders to be called for a date not more than 120 days after the Secretary of the Corporation receives the requisite written request and accompanying information. Business transacted at a special meeting shall be limited to the purpose(s) stated in the notice of the meeting. The Board of Directors shall have the authority in its discretion to include in the notice of a special meeting

requested by stockholders matters in addition to those proposed by the requesting stockholders. The term “ *Entire Board* ” as used in these Bylaws means the total number of authorized directors the Corporation would have if there were no vacancies.

(d) Notice. Unless otherwise required by law or the certificate of incorporation of the corporation, as amended and restated from time to time (the “ *Certificate of Incorporation* ”), written notice of the annual and of all special meetings of the stockholders shall be given either personally, by mail or by electronic transmission (if permitted under the circumstances by the General Corporation Law of the State of Delaware, as amended (the “ *DGCL* ”)) to each stockholder entitled to vote at such meeting as of the record date for determining stockholders entitled to notice of the meeting. Every notice of a meeting of stockholders shall state the place, date and time of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called and the means of remote communications, if any, by which stockholders and proxy holders may be deemed present in person and vote at such meeting. If mailed, such notice shall be deemed to be given when deposited in the United States mail with postage thereon prepaid, addressed to the stockholder at the stockholder’s address as it appears on the stock transfer books of the Corporation. If notice is given by means of electronic transmission, such notice shall be deemed to be given at the times provided in the DGCL. Any stockholder may waive notice of any meeting before or after the meeting. The attendance of a stockholder at any meeting shall constitute a waiver of notice at such meeting, except where a stockholder attends such meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting was not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any annual or special meeting of stockholders need be specified in any waiver of notice unless so required by law. Except for an adjournment exceeding 30 days or if, after the adjournment, a new record date for the determination of stockholders entitled to vote at the adjourned meeting is fixed for the adjourned meeting, notice of any adjourned meeting of the stockholders of the Corporation shall not be required to be given if the time and place thereof, and the means of remote communication, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such adjourned meeting, are announced at the meeting which is adjourned.

(e) Adjournments. Any meeting of stockholders of the Corporation may be adjourned from time to time to reconvene at the same or some other place by holders of a majority of the voting power of the Corporation’s capital stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, though less than a quorum, or by any officer entitled to preside at or to act as secretary of such meeting. At the adjourned meeting, the Corporation may transact any business that might have been transacted at the original meeting.

(f) List of Stockholders Entitled to Vote. It shall be the duty of the officer who shall have charge of the stock ledger of the Corporation to prepare and make, at least ten days before every meeting of stockholders of the Corporation, a complete list of the stockholders entitled to vote at said meeting, provided, however, that if the record date for determining the stockholders entitled to vote is less than ten (10) days before the meeting date, the list shall reflect the stockholders entitled to vote as of the tenth (10th) day before the meeting date, arranged in alphabetical order, showing their addresses of record and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, for a period of at least ten days prior to the meeting: (i) on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of the meeting, or (ii) during ordinary business hours, at the principal place of business of the Corporation. In the event that the meeting is to be held at a place other than the Corporation’s principal place of business, then the list shall be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present. If the meeting is to be held solely by means of remote communication, then the list shall also be open to the examination of any stockholder during the whole time of the meeting on a reasonably accessible electronic network, and the information required to access such list shall be provided with the notice of the meeting.

(g) Quorum. The holders of a majority of the stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of any business except as otherwise provided by law or by the Certificate of Incorporation. Where a separate vote by a class or classes or series is required, a majority of the voting power of the shares of such class or classes or series present in person or represented by proxy shall constitute a quorum entitled to take action with respect to such vote. If a quorum shall not be present or represented at any meeting of the stockholders, either the chairperson of the meeting or the stockholders entitled to vote thereat present in person or by proxy shall have power to adjourn the meeting from time to time in the manner provided in Section (e) of this Article IV, until a quorum shall be present or represented. A quorum, once established, shall not be broken by the withdrawal of enough votes to leave less than a quorum. At any such adjourned meeting at which a quorum shall be present or represented any business may be transacted which might have been transacted at the meeting as originally called.

(h) Voting of Stock of Certain Holders. Shares of stock of the Corporation standing in the name of another corporation or entity, domestic or foreign, and entitled to vote may be voted by such officer, agent or proxy as the bylaws or other internal regulations of such corporation or entity may prescribe or, in the absence of such provision, as the board of directors or comparable body of such corporation or entity may determine. Shares of stock of the Corporation standing in the name of a deceased person,

a minor, an incompetent or a debtor in a case under Title 11, United States Code, and entitled to vote may be voted by an administrator, executor, guardian, conservator, debtor-in-possession or trustee, as the case may be, either in person or by proxy, without transfer of such shares into the name of the official or other person so voting. A stockholder whose shares of stock of the Corporation are pledged shall be entitled to vote such shares, unless on the transfer records of the Corporation such stockholder has expressly empowered the pledgee to vote such shares, in which case only the pledgee, or the pledgee's proxy, may vote such shares.

(i) Treasury Stock. Shares of stock of the Corporation belonging to the Corporation, or to another corporation a majority of the shares entitled to vote in the election of directors of which are held by the Corporation, shall not be voted at any meeting of stockholders of the Corporation and shall not be counted in the total number of outstanding shares for the purpose of determining whether a quorum is present. Nothing in this Section (i) of Article IV shall limit the right of the Corporation to vote shares of stock of the Corporation held by it in a fiduciary capacity.

(j) Proxies. Each stockholder entitled to vote at a meeting of stockholders may authorize another person or persons to act for such stockholder by proxy, but no proxy shall be valid after three years from the date of its execution, unless a longer time is expressly provided therein.

(k) No Consent of Stockholders in Lieu of Meeting. Any action required or permitted to be taken by the stockholders of the Corporation must be effected at a duly called annual or special meeting of stockholders of the Corporation and may not be effected by any consent in writing by such stockholders.

(l) Nature of Business at Meetings of Stockholders. At any annual or special meeting of stockholders, the proposal of business to be considered by the stockholders and persons nominated for election as directors by stockholders shall be entertained only if advance written notice thereof has been timely given in proper form in accordance with the requirements of Section (m) of this Article IV (in the case of such proposals) or Section (o) of this Article IV (in the case of such nominations) and such proposals or nominations are otherwise proper for consideration under applicable law and the Certificate of Incorporation and these Bylaws. Notice of any proposal to be presented by any stockholder or of the name of any person to be nominated by any stockholder for election as a director of the Corporation at any meeting of stockholders shall be delivered in proper written form to the Secretary of the Corporation at its principal executive office not less than 90 nor more than 120 days prior to the first anniversary of the date of the preceding year's annual meeting; provided, however, that if the annual meeting is convened more than 30 days before or more than 60 days after such anniversary date, or if no annual meeting was held in the preceding year, notice by the stockholder to be timely must be so received no more than 120 days prior to such annual meeting nor less than the later of (i) 90 days prior to such annual meeting and (ii) 10 days after the day on which public disclosure of the date of the meeting was made. In no event shall an adjournment of an annual or a special meeting, or a postponement of an annual or a special meeting for which notice has been given, or the public disclosure thereof, commence a new time period for the giving of a stockholder's notice as described above. The person presiding at the meeting, in addition to making any other determinations that may be appropriate to the conduct of the meeting, shall determine whether such notice has been duly given and shall direct that proposals and nominees not be considered if such notice has not been given.

(m) Form of Notice for Stockholder Proposals. To be in proper written form, a stockholder's notice to the Secretary of any proposal of business to be presented by such stockholder for consideration by the stockholders at an annual or special meeting of stockholders must set forth (i) as to each matter each Proposing Party (as defined below) proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting and the reasons for conducting such business at the meeting, (ii) the name and address of each Proposing Party, (iii)(A) the class or series and number of shares of capital stock (if any) of the Corporation that are, directly or indirectly, owned beneficially or of record by each Proposing Party or any Stockholder Associated Person (as defined below), (B) any option, warrant, convertible security, stock appreciation right or similar right with an exercise or conversion privilege or a settlement payment or mechanism at a price related to any class or series of shares of the Corporation or with a value derived in whole or in part from the value of any class or series of shares of the Corporation, any derivative or synthetic arrangement having the characteristics of a long position in any class or series of shares of the Corporation, or any contract, derivative, swap or other transaction or series of transactions designed to produce economic benefits and risks that correspond substantially to the ownership of any class or series of shares of the Corporation, including due to the fact that the value of such contract, derivative, swap or other transaction or series of transactions is determined by reference to the price, value or volatility of any class or series of shares of the Corporation, whether or not such instrument, contract or right shall be subject to settlement in the underlying class or series of shares of the Corporation, through the delivery of cash or other property, or otherwise, and without regard to whether the holder thereof may have entered into transactions that hedge or mitigate the economic effect of such instrument, contract or right, or any other direct or indirect opportunity to profit or share in any profit derived from any increase or decrease in the value of shares of the Corporation (any of the foregoing, a "**Derivative Instrument**") directly or indirectly owned beneficially by each Proposing Party or any Stockholder Associated Person, (C) any proxy, contract, arrangement, understanding or relationship pursuant to which any Proposing Party or any Stockholder Associated Person has a right to vote any class or series of shares of the Corporation, (D) any Short Interest (as defined below) held by or involving any Proposing Party

or any Stockholder Associated Person, (E) any rights to dividends on the shares of the Corporation owned beneficially by any Proposing Party or any Stockholder Associated Person that are separated or separable from the underlying shares of the Corporation, (F) any proportionate interest in shares of the Corporation or Derivative Instruments held, directly or indirectly, by a general or limited partnership in which any Proposing Party or any Stockholder Associated Person is a general partner or, directly or indirectly, beneficially owns an interest in a general partner of such general or limited partnership, (G) any performance-related fees (other than an asset-based fee) that any Proposing Party or any Stockholder Associated Person is entitled to based on any increase or decrease in the value of shares of the Corporation or Derivative Instruments, if any, including any such interests held by members of such Proposing Party's or such Stockholder Associated Person's immediate family sharing the same household and (H) any direct or indirect interest of any Proposing Party or any Stockholder Associated Person in any contract with the Corporation or any affiliate of the Corporation (including any employment agreement, collective bargaining agreement or consulting agreement), (which information described in this clause (iii) shall be supplemented by such stockholder not later than ten (10) days after the record date for the meeting to disclose such information as of the record date); (iv) a description of all arrangements or understandings between any Proposing Party or any Stockholder Associated Person and any other person or persons (including their names) in connection with the proposal of such business by such Proposing Party and any material interest of any Proposing Party and any Stockholder Associated Person in such business; (v) a representation that such stockholder intends to appear in person or by proxy at the annual or special meeting to bring such business before the meeting; (vi) a Business Solicitation Representation (as defined below); and (vii) any other information relating to each Proposing Party that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for stockholder proposals pursuant to Section 14 of the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder (the "**Exchange Act**") or the rules and regulations promulgated thereunder (the "**Proxy Rules**").

(n) Definitions. For purposes of these Bylaws, (i) "**Business Solicitation Representation**" shall mean, with respect to any Proposing Party, a representation as to whether or not such Proposing Party or any Stockholder Associated Person will deliver a proxy statement and form of proxy to the holders of at least the percentage of the Corporation's voting shares required under applicable law to adopt such proposed business or otherwise to solicit proxies from stockholders in support of such proposal; (ii) "**proposing party**" shall mean each stockholder proposing to bring before a meeting of the stockholders any matter and each beneficial owner on whose behalf such matter is proposed; (iii) "**public disclosure**" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act; (iv) "**Stockholder Associated Person**" shall mean, with respect to any Proposing Party or any Nominating Party (as defined below), (A) any person directly or indirectly controlling, controlled by, under common control with or acting in concert with such Proposing Party or Nominating Party (as applicable) or (B) any member of the immediate family of such Proposing Party or Nominating Party (as applicable) sharing the same household; and (v) "**Short Interest**" shall mean any agreement, arrangement, understanding, relationship or otherwise, including any repurchase or similar so-called "stock borrowing" agreement or arrangement, involving any Proposing Party or any Nominating Party, as applicable, or any Stockholder Associated Person of any Proposing Party or Nominating Party, as applicable, directly or indirectly, the purpose or effect of which is to mitigate loss to, reduce the economic risk (of ownership or otherwise) of any class or series of shares of the Corporation by, manage the risk of share price changes for, or increase or decrease the voting power of, such Proposing Party or such Nominating Party, as applicable, or any Stockholder Associated Person of any Proposing Party or Nominating Party, as applicable, with respect to any class or series of shares of the Corporation, or which provides, directly or indirectly, the opportunity to profit or share in any profit derived from any decrease in the price or value of any class or series of shares of the Corporation.

(o) Form of Notice for Nominations. To be in proper written form, a stockholder's notice to the Secretary of the name of a person to be nominated by such stockholder for election as a director of the Corporation at an annual or special meeting of stockholders must set forth (i) as to each person whom the stockholder proposes to nominate for election as a director by the stockholders (A) the name, age, business address and residence address of such person; (B) the principal occupation or employment of such person; (C) the class or series and number of shares of capital stock (if any) of the Corporation that are, directly or indirectly, owned beneficially or of record by such person; and (D) any other information relating to such person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors required pursuant to the Proxy Rules; (ii) the name and address of the stockholder giving the notice and the beneficial owner, if any, on whose behalf such nomination is made (each, a "**Nominating Party**"), (iii) as to each Nominating Party (A) the class or series and number of shares of capital stock of the Corporation that are, directly or indirectly, owned beneficially or of record by each Nominating Party or any Stockholder Associated Person, (B) any Derivative Instrument directly or indirectly owned beneficially by each Nominating Party or any Stockholder Associated Person, (C) any proxy, contract, arrangement, understanding or relationship pursuant to which any Nominating Party or any Stockholder Associated Person has a right to vote any class or series of shares of the Corporation, (D) any Short Interest held by or involving any Nominating Party or any Stockholder Associated Person, (E) any rights to dividends on the shares of the Corporation owned beneficially by any Nominating Party or any Stockholder Associated Person that are separated or separable from the underlying shares of the Corporation, (F) any proportionate interest in shares of the Corporation or Derivative Instruments held, directly or indirectly, by a general or limited partnership in which any

Nominating Party or any Stockholder Associated Person is a general partner or, directly or indirectly, beneficially owns an interest in a general partner of such general or limited partnership, (G) any performance-related fees (other than an asset-based fee) that any Nominating Party or any Stockholder Associated Person is entitled to based on any increase or decrease in the value of shares of the Corporation or Derivative Instruments, if any, including any such interests held by members of such Nominating Person's or such Stockholder Associated Person's immediate family sharing the same household and (H) any direct or indirect interest of any Nominating Party or any Stockholder Associated Person in any contract with the Corporation or any affiliate of the Corporation (including any employment agreement, collective bargaining agreement or consulting agreement), (which information described in this clause (iii) shall be supplemented by such stockholder not later than ten (10) days after the record date for the meeting to disclose such information as of the record date); (iv) a description of all arrangements or understandings between any Nominating Party or any Stockholder Associated Person and each proposed nominee or any other person or persons (including their names) pursuant to which the nomination(s) are to be made, (v) a representation that such stockholder intends to appear in person or by proxy at the meeting to nominate the persons named in its notice, (vi) a representation (a "**Nominee Solicitation Representation**") as to whether or not such Nominating Party or any Stockholder Associated Person will deliver a proxy statement and form of proxy to a number of holders of the Corporation's voting shares reasonably believed by such Nominating Party to be sufficient to elect its nominee or nominees or otherwise to solicit proxies from stockholders in support of such nominations, (vii) a written questionnaire with respect to the background and qualification of each proposed nominee and the background of any other person or entity on whose behalf the nomination is being made (which questionnaire shall be provided by the Secretary upon written request), (viii) a written representation and agreement (in the form provided by the Secretary upon written request) that such person (x) is not and will not become a party to (A) any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person or entity as to how such person, if elected as a director of the Corporation, will act or vote on any issue or question (a "**Voting Commitment**") that has not been disclosed to the Corporation or (B) any Voting Commitment that could limit or interfere with such person's ability to comply, if elected as a director of the Corporation, with such person's fiduciary duties under applicable law and (y) in such person's individual capacity and on behalf of any person or entity on whose behalf the nomination is being made, would be in compliance, if elected as a director of the Corporation, and will comply with all applicable publicly disclosed corporate governance, conflict of interest, confidentiality and stock ownership and trading policies and guidelines of the Corporation, and (ix) any other information relating to each Nominating Party that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to the Proxy Rules. Such notice must be accompanied by a written consent of each proposed nominee to being named as a nominee and to serve as a director if elected. The Corporation may require any proposed nominee to furnish such other information as it may reasonably require to determine the eligibility of such proposed nominee to serve as a director of the Corporation.

(p) **Improper Business**. No business shall be conducted at the annual meeting of stockholders of the Corporation except business brought before the annual meeting in accordance with the procedures set forth in this Article IV. If the chairperson of an annual meeting determines that business was not properly brought before the annual meeting in accordance with the foregoing procedures, the chairperson shall declare to the meeting that the business was not properly brought before the meeting, and such business shall not be transacted. Notwithstanding the foregoing provisions of this Article IV, unless otherwise required by law, if the stockholder (or a qualified representative of the stockholder) does not appear at the annual or special meeting of stockholders of the Corporation to present a nomination or proposal, such nomination or proposal, as applicable, may, at the sole discretion of the chairperson, be disregarded, notwithstanding that proxies in respect of such vote may have been received by the Corporation. For purposes of this Article IV, to be considered a qualified representative of the stockholder, a person must be a duly authorized officer, manager or partner of such stockholder or must be authorized by a writing executed by such stockholder or an electronic transmission delivered by such stockholder to act for such stockholder as proxy at the meeting of stockholders, and such person must produce such writing or electronic transmission, or a reliable reproduction of the writing or electronic transmission, at the meeting of stockholders.

(q) **Exchange Act**. Notwithstanding the provisions of this Article IV, a stockholder shall also comply with all applicable requirements of the Exchange Act with respect to the matters set forth in such sections. Nothing in such sections shall be deemed to affect any rights of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act.

(r) **Inspectors of Election**. In advance of any meeting of stockholders of the Corporation, the Chairman of the Board, the Chief Executive Officer or the Board of Directors, by resolution shall appoint one or more inspectors to act at the meeting and make a written report thereof. One or more other persons may be designated as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is able to act at a meeting of stockholders, the chairperson of the meeting shall appoint one or more inspectors to act at the meeting. Unless otherwise required by applicable law, inspectors may be officers, employees or agents of the Corporation. Each inspector, before entering upon the discharge of the duties of inspector, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of such inspector's ability. The inspector shall have the duties prescribed by law and shall take charge of the polls and, when the vote is completed, shall make a certificate of the result of the vote taken and of such other facts as may be required by applicable law.

ARTICLE V

BOARD OF DIRECTORS

(a) Duties and Powers; Election. The management of business and affairs of the Corporation shall be under the direction of a Board of Directors. Directors shall be elected by a plurality of the votes cast in the election of directors. However, in any election of directors in which only the holders of common stock are entitled to vote and in which the only nominees are those recommended by the Board of Directors, a nominee may only be elected if the votes cast in favor of such nominee exceed the votes cast against such nominee with “abstentions” and “broker non-votes” not counted as a vote cast either “for” or “against” that nominee’s election.

(b) Resignations of Directors. Any director of the Corporation may resign at any time by giving notice in writing or by electronic transmission to the Chairman of the Board, the Chief Executive Officer or the Secretary. Such resignation shall take effect upon receipt unless it is specified to be effective at some other time or upon the occurrence of some other event, and unless otherwise specified in such notice, the acceptance of such resignation shall not be necessary to make it effective.

(c) Meetings. Regular meetings of the Board of Directors may be held without notice at such places, whether within or without the State of Delaware, and at such times as the Board shall from time to time determine. Special meetings of the Board of Directors may be called at any time by the Chief Executive Officer or the Chairman or, if both are incapacitated or unable to call such meetings, by any member of the Board of Directors. Such meetings shall be held at such places and at such times as the person calling the meeting shall specify.

(d) Notice. Notice of all special meetings of the Board of Directors shall be given to each director by at least 24 hours’ service of the same by facsimile, electronic mail, telephone, overnight courier, letter or personal delivery. If mailed, such notice shall be deemed to be given two business days after it is deposited in the United States mail with first class postage prepaid; if sent by overnight courier, such notice shall be deemed to be given one business day after it is deposited with the overnight courier; and notice by facsimile, electronic mail, telephone or personal delivery shall be deemed given when the notice is transmitted. Notice of any special meeting of the Board of Directors shall state the place and time of the meeting, but need not state the purposes thereof unless required by law. Any director may waive notice of any meeting before or after the meeting. A meeting of the Board of Directors or of any Board committee may be held at any time without notice, if all of the directors are present or if those not present waive notice of the meeting. The attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except where the director attends the meeting for the express purpose of objecting at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened. Notice of regular meetings of the Board need not be given. In the absence of written instructions from a director designating some other address, notice shall be sufficiently given if addressed to such director at such director’s usual business address.

(e) Quorum. A majority of the Entire Board shall constitute a quorum for the transaction of business at all meetings of the Board of Directors, and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board of Directors. If a quorum shall not be present at any meeting of the Board of Directors, the directors present at the meeting may adjourn the meeting from time to time, without notice other than announcement at the meeting of the time and place of the adjourned meeting, until a quorum shall be present.

(f) Compensation. Each director of the Corporation shall be entitled to receive such fixed sum per meeting of the Board of Directors or committee thereof attended, or such annual sum, or both, as the Board shall from time to time determine, together with such director’s reasonable expenses of attendance at such meeting. Directors who are full-time employees of the Corporation shall not receive any compensation for their service as director.

(g) Chairman of the Board. The Board of Directors may from time to time, but in no event less frequently than annually, elect from among its members a Chairman of the Board. Except as otherwise provided by law or Section (h) or (i) of this Article V, the Chairman of the Board shall, if present, preside at all meetings of the stockholders and at all meetings of the Board of Directors. The Chairman of the Board shall have such other powers and duties as may from time to time be assigned by the Board of Directors.

(h) Lead Director. The Board of Directors may elect a Lead Director. The Lead Director shall be one of the directors who has been determined by the Board of Directors to be “independent directors” (any such director, an “**Independent Director**”). The Lead Director shall preside at all meetings of the Board of Directors at which the Chairman of the Board is not present, preside over the executive sessions of the Independent Directors, serve as a liaison between the Chairman of the Board and the Board of Directors and shall have such other responsibilities, and shall perform such duties, as may from time to time be assigned to the Lead Director by the Board of Directors. The Lead Director shall be elected by a majority of the Independent Directors.

(i) Organization. At each meeting of the Board of Directors, the Chairman of the Board, or in the Chairman's absence, the Lead Director, or in the Chairman's and Lead Director's absence, a director chosen by a majority of the directors present, shall act as chairman. The Secretary shall act as secretary at each meeting of the Board of Directors. In case the Secretary shall be absent from any meeting of the Board of Directors, an assistant secretary shall perform the duties of secretary at such meeting, and in the absence from any such meeting of the Secretary and all assistant secretaries, the chairman of the meeting may appoint any person to act as secretary of the meeting.

(j) Actions of the Board by Written Consent. Any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if all the members of the Board of Directors or committee, as the case may be, consent thereto in writing or by electronic transmission, and the writing or writings or electronic transmission are filed with the minutes of proceedings of the Board of Directors or committee.

(k) Telephonic Meetings. Members of the Board of Directors, or any committee thereof, may participate in a meeting of the Board of Directors or such committee by means of a conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this Section (k) of Article V shall constitute presence in person at such meeting.

ARTICLE VI

COMMITTEES

(a) General. The Board of Directors may from time to time, in its discretion, designate, and appoint from the directors, committees of one or more persons which shall have and may exercise such lawfully delegable powers and duties conferred or authorized by the resolutions of designation and appointment. The Board of Directors shall have power at any time to change the members of any such committee, to fill vacancies, and to discharge any such committee. Each committee shall keep regular minutes and report to the Board of Directors when required.

(b) Quorum. Unless the Board of Directors shall provide otherwise, the presence of one-third of the total membership of any committee of the Board of Directors, but no less than two members, shall constitute a quorum for the transaction of business at any meeting of such committee, and the act of a majority of those present shall be necessary and sufficient for the taking of any action thereat.

ARTICLE VII

OFFICERS

(a) General. The officers of the Corporation shall be the Chief Executive Officer, the President, the Secretary, and the Treasurer, who shall be elected by the Board of Directors, and may include the Chief Financial Officer, the Controller and such additional Assistant Secretaries, Assistant Treasurers, Vice Presidents and other officers as may from time to time be elected or appointed by the Board of Directors or, with the exception of the Chief Executive Officer, appointed by the Chief Executive Officer. Any two or more of the aforementioned offices may be held by the same person except those of President and Secretary.

(b) Term; Vacancies. Subject to Section (c) of this Article VII, each officer of the Corporation shall hold office until such officer's successor shall have been duly elected and shall have qualified or until such officer's earlier death, resignation or removal. All vacancies in such offices by resignation, death or otherwise may be filled by the Board of Directors or, with the exception of the Chief Executive Officer, by the Chief Executive Officer. In the case of absence or inability to act of any officer of the Corporation, and of any person herein authorized to act in such officer's place, the Board of Directors may from time to time delegate the powers or duties of such officer to any other officer or any director or other person whom they may select.

(c) Resignation and Removal. Any officer may resign upon notice given in writing or electronic transmission to the Chief Executive Officer or the Secretary. Such resignation shall be effective upon receipt unless it is specified to be effective at some other time or upon the occurrence of some other event. Any officer of the Corporation may be removed, either with or without cause, at any time, by the Board of Directors or, in the case of each officer of the Corporation other than the Chief Executive Officer, by the Chief Executive Officer.

(d) Chief Executive Officer. The Chief Executive Officer shall have general and active supervision and direction over the business and affairs of the Corporation and over its several officers; subject, however, to the control of the Board of Directors. The Chief Executive Officer or an officer designated by the Chief Executive Officer shall make a report on the state of

the business of the Corporation at each annual meeting of stockholders. The Chief Executive Officer shall perform such other duties as from time to time may be assigned by the Board of Directors.

(e) President and Vice Presidents. The President and any Vice Presidents (including any Senior Vice Presidents and Executive Vice Presidents) shall perform such duties as from time to time may be assigned by the Chief Executive Officer or the Board of Directors.

(f) Treasurer. The Treasurer shall have charge and be responsible for keeping full and accurate accounts of receipts and disbursements in books belonging to the Corporation, depositing all moneys and other valuables in the name and to the credit of the Corporation, in such depositories as may be directed by the Board of Directors, disbursing the funds of the Corporation as may be ordered by the Board of Directors or the Chief Executive Officer taking proper vouchers therefor and rendering to the Chief Executive Officer and the directors whenever they may require it an account of all of the Treasurer's transactions as Treasurer and of the financial condition of the Corporation. The Treasurer shall also perform such other duties as from time to time may be assigned by the Chief Executive Officer, the Chief Financial Officer or the Board of Directors. If required by the Board of Directors, the Treasurer shall give the Corporation a bond in a form and in a sum with surety satisfactory to the Board of Directors for the faithful performance of the duties of the office of Treasurer and the restoration to the Corporation in the case of the officer's death, resignation or removal from office, of all books, papers, vouchers, money and other property of whatever kind in the officer's possession belonging to the Corporation.

(g) Assistant Treasurers. At the request of the Treasurer, or in the Treasurer's absence or inability to act, the Assistant Treasurer or, if there be more than one, the Assistant Treasurer designated by the Treasurer, shall perform the duties of the Treasurer and when so acting shall have the powers of and be subject to all the restrictions of the Treasurer. The Assistant Treasurers shall perform such other duties as from time to time may be assigned to them by the Chief Executive Officer, the Chief Financial Officer, the Treasurer or the Board of Directors.

(h) Chief Financial Officer. The Chief Financial Officer shall be the principal financial officer of the Corporation. The Chief Financial Officer shall render such accounts and reports as may be required by the Board of Directors or any committee thereof. The financial records, books and accounts of the Corporation shall be maintained subject to the Chief Financial Officer's direct or indirect supervision. The Chief Financial Officer shall perform such other duties as from time to time may be assigned by the Chief Executive Officer or the Board of Directors.

(i) Controller. The Controller shall exercise general supervision of the accounting staff of the Corporation. The Controller shall perform such duties as from time to time may be assigned by the Chief Executive Officer, the Chief Financial Officer or the Board of Directors.

(j) Secretary. The Secretary shall attend all meetings of the Board of Directors and of the stockholders and record all votes and the minutes of all proceedings in a book to be kept for that purpose. The Secretary shall keep in safe custody the seal of the Corporation and, whenever authorized by the Board, affix the seal to any instrument or other document requiring the same. The Secretary shall see that proper notice is given of all meetings of the stockholders of the Corporation and of the Board of Directors and shall perform such other duties as may be prescribed from time to time by the Chief Executive Officer or the Board of Directors.

(k) Assistant Secretaries. At the request of the Secretary, or in the Secretary's absence or inability to act, the Assistant Secretary or, if there be more than one, the Assistant Secretary designated by the Secretary, shall perform the duties of the Secretary and when so acting shall have all the powers of and be subject to all the restrictions of the Secretary. The Assistant Secretaries shall perform such other duties as may from time to time be assigned to them by the Chief Executive Officer, the Secretary or the Board of Directors.

(l) Other Officers. Such other officers as the Board of Directors or the Chief Executive Officer may choose shall perform such duties and have such powers as from time to time may be assigned to them by the Board of Directors or the Chief Executive Officer. The Board of Directors may delegate to any other officer of the Corporation the power to choose such other officers and to prescribe their respective duties and powers.

ARTICLE VIII

CONTRACTS, CHECKS, NOTES, ETC.

(a) Contracts, Checks, Etc. All contracts and agreements authorized by the Board of Directors shall, unless otherwise directed by the Board of Directors, or unless otherwise required by law, be signed by any one of the following officers: the Chief

Executive Officer, the President, any Vice President, the Treasurer, the Secretary, any Assistant Treasurer or any Assistant Secretary, any other person authorized by a resolution of the Board of Directors, and any other person authorized by the Chief Executive Officer, as evidenced by a written instrument of delegation. Any such authorization by the Board of Directors or the Chief Executive Officer shall remain in effect until rescinded by action of the Board of Directors or (in the case of a delegation by the Chief Executive Officer) by the Chief Executive Officer and, where it identifies the authorized signatory by office rather than by name, shall not be rescinded solely by virtue of a change in the person holding that office or a temporary vacancy in that office. All checks, drafts, notes, bonds, bills of exchange and orders for the payment of money (including orders for repetitive or non-repetitive electronic funds transfers) may be signed by any one of the Chief Executive Officer, the President, any Vice President, the Treasurer, any Assistant Treasurer or the Controller or in such manner as shall from time to time be determined by resolution of the Board of Directors. Further, the Treasurer is authorized to designate to the Corporation's banks, in writing, individuals employed in the NiSource Corporate Services Company, who need not be officers or employees of the Corporation, to give in the name of the Corporation telephonic, telegraphic, or electronic transfer instructions for the payment of money, which may, with respect to routine items, include instructions as to the amount to be transferred, to any bank, pursuant to previously issued written orders, signed by officers of the Corporation in any manner provided above, which designate the recipients of such amounts and which identify what shall be treated as routine items.

(b) Accounts. Anything in Section (a) of this Article VIII to the contrary notwithstanding, the officers of the Corporation may open in the name of the Corporation special accounts appropriately designated in which shall be deposited funds of the Corporation transferred from the Corporation's other accounts by its checks signed in accordance with the requirements of Section (a) of this Article VIII, but from which special accounts funds may be disbursed by check, draft or other instrument of the Corporation designated as drawn against such special account and signed by the single signature of any one of the executive officers of the Corporation authorized by Section (a) of this Article VIII to sign checks, drafts and other instruments of the Corporation or signed by the single signature of any other person expressly authorized by the Board of Directors to sign checks, drafts and other instruments disbursing funds from such special accounts.

(c) Evidence of Indebtedness. Anything in Section (a) of this Article VIII to the contrary notwithstanding, (i) bonds, notes, debentures and other evidence of indebtedness of the Corporation issued under an indenture may be executed in the name of the Corporation by the facsimile signature, printed, engraved or otherwise used thereon, of the Chief Executive Officer, the President, any Vice President, the Treasurer or any Assistant Treasurer of the Corporation, and the corporate seal affixed thereto or impressed, printed, engraved or otherwise reproduced thereon may be attested by the facsimile signature of the Secretary or an Assistant Secretary of the Corporation, provided that the indenture requires the same to be authenticated by the trustee under such indenture, and (ii) interest coupons attached to any such bond, note, debenture or other evidence of indebtedness may be executed on behalf of the Corporation by the facsimile signature of the Treasurer or any Assistant Treasurer of the Corporation.

(d) Voting Securities Owned by the Corporation. Powers of attorney, proxies, waivers of notice of meeting, consents and other instruments relating to securities owned by the Corporation may be executed in the name of and on behalf of the Corporation by the Chief Executive Officer or any other officer authorized to do so by the Board of Directors, and any such officer may, in the name of and on behalf of the Corporation, take all such action as any such officer may deem advisable to vote in person or by proxy at any meeting of security holders of any corporation in which the Corporation may own securities and at any such meeting shall possess and may exercise any and all rights and power incident to the ownership of such securities and which, as the owner thereof, the Corporation might have exercised and possessed if present. The Board of Directors may, by resolution, from time to time confer like powers upon any other person or persons.

(e) Interested Directors and Officers. No contract or transaction between the Corporation and one or more of its directors or officers, or between the Corporation and any other corporation, partnership, association or other organization in which one or more of the Corporation's directors or officers are directors or officers or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the Board of Directors or committee thereof that authorizes the contract or transaction, or solely because any such director's or officer's vote is counted for such purpose if: (i) the material facts as to the director's or officer's relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors or the committee and the Board of Directors or committee in good faith authorizes the contract or transaction by the affirmative vote of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; (ii) the material facts as to the director's or officer's relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon and the contract or transaction is specifically approved in good faith by vote of the stockholders; or (iii) the contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified by the Board of Directors, a committee thereof or the stockholders. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee that authorizes the contract or transaction.

ARTICLE IX

FISCAL YEAR

The fiscal year of the Corporation shall begin on the first day of January in each year.

ARTICLE X

AMENDMENT OF BYLAWS

These Bylaws may be amended, added to, rescinded or repealed at any meeting of the Board of Directors or of the stockholders, provided notice of the proposed change was given in the notice of the meeting or, in the case of a meeting of the Board of Directors, in a notice given not less than two days prior to the meeting; provided, however, in order for the Board of Directors to amend, add to, rescind or repeal any provision contained in Section (c), (k), (l), (m), (n), (o) or (p) of Article IV or Section (a) of Article V of these Bylaws or this proviso to this Article X of these Bylaws, the affirmative vote of a majority of the Entire Board shall be required.

NISOURCE INC/DE

FORM 8-K (Current report filing)

Filed 02/01/16 for the Period Ending 01/29/16

Address	801 EAST 86TH AVE MERRILLVILLE, IN 46410-6272
Telephone	2196475200
CIK	0001111711
Symbol	NI
Fiscal Year	12/31

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 8-K

CURRENT REPORT

**Pursuant To Section 13 OR 15(d) of The
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): January 29, 2016

NiSource Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction
of incorporation or organization)

001-16189

Commission
file number

35-2108964

(I.R.S. Employer
Identification No.)

**801 East 86th Avenue
Merrillville, Indiana**

(Address of principal executive offices)

46410

(Zip Code)

Registrant's telephone number, including area code (877) 647-5990

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions.

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2 (b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4 (c))
-

ITEM 5.03. Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year.

On January 29, 2016, the board of directors (the “Board”) of NiSource Inc. (the “Company”) adopted an amendment and restatement of the Company’s bylaws (the “Amended and Restated Bylaws”) to implement proxy access. Article IV, Section (s) has been added to permit a stockholder or group of up to 20 stockholders owning 3% or more of the Company’s capital stock entitled to vote in the election of directors continuously for at least three years to nominate and include in the Company’s proxy materials for an annual meeting of stockholders, director candidates constituting up to the greater of two or 20% of the Board, provided that the stockholder (or group) and each nominee satisfy the requirements specified in the Amended and Restated Bylaws. The amendment is effective immediately.

The foregoing description of the changes effected by the Amended and Restated Bylaws is qualified by reference to the Amended and Restated Bylaws, which are filed as Exhibit 3.1 to this current report on Form 8-K and are incorporated herein by reference.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits

<u>Exhibit Number</u>	<u>Description</u>
3.1	Amended and Restated Bylaws of NiSource Inc., adopted on January 29, 2016

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 hereunto duly authorized.

NiSource Inc.

(Registrant)

Date: February 1, 2016

By: /s/ Carrie J. Hightman

Carrie J. Hightman

Executive Vice President and Chief Legal Officer

EXHIBIT INDEX

Exhibit Number	Description
3.1	Amended and Restated Bylaws of NiSource Inc., adopted on January 29, 2016

NISOURCE INC.
AMENDED AND RESTATED
BYLAWS

As amended and restated through January 29, 2016

BYLAWS
OF
NISOURCE INC.

ARTICLE I

SEAL

The corporate seal shall have inscribed thereon the name of the Corporation, the year of its organization and the words “Corporate Seal, Delaware.” The seal may be used by causing it or a facsimile thereof to be impressed or affixed or otherwise reproduced.

ARTICLE II

OFFICES; BOOKS AND RECORDS

- (a) Registered Office. The Corporation shall maintain a registered office in the State of Delaware.
- (b) Other Offices. The location of the Corporation’s principal office shall be at 801 East 86th Avenue, in the Town of Merrillville, County of Lake, in the State of Indiana. The Corporation may, in addition to its principal office in the State of Indiana, establish and maintain an office or offices in such other states and places as the Board of Directors may from time to time find necessary or desirable.
- (c) Books and Records. The books, documents, and papers of the Corporation, except as may be otherwise required by the laws of the State of Delaware, may be kept outside of the said State at such places as the Board of Directors may from time to time designate.

ARTICLE III

CAPITAL STOCK

- (a) Certificated and Uncertificated Shares. The interest of each stockholder of the Corporation may be evidenced by certificates for shares of stock in such form as the appropriate officers of the Corporation may from time to time prescribe or be uncertificated. The certificates of stock shall be signed, countersigned and registered in such manner as the Board of Directors may by resolution prescribe, which resolution may permit all or any of the signatures on such certificates to be in facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate has ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if such person were such officer, transfer agent or registrar at the date of issue.
- (b) DRS Eligibility. Notwithstanding anything to the contrary in these amended and restated bylaws of the Corporation (as amended from time to time in accordance with the provisions hereof, these “*Bylaws*”), at all times that the Corporation’s stock is listed on a stock exchange, the shares of the stock of the Corporation shall comply with all direct registration system eligibility requirements established by

such exchange, including any requirement that shares of the Corporation's stock be eligible for issue in book-entry form. All issuances and transfers of shares of the Corporation's stock shall be entered on the books of the Corporation with all information necessary to comply with such direct registration system eligibility requirements, including the name and address of the person to whom the shares of stock are issued, the number of shares of stock issued and the date of issue. The Board of Directors shall have the power and authority to make such rules and regulations as it may deem necessary or proper concerning the issue, transfer and registration of shares of stock of the Corporation in both the certificated and uncertificated form.

(c) Transfer. The shares of the stock of the Corporation shall be transferred on the books of the Corporation, in the case of certificated shares of stock, by the holder thereof in person or by the holder's attorney duly authorized in writing, upon surrender for cancellation of certificates for at least the same number of shares, with an assignment and power of transfer endorsed thereon or attached thereto, duly executed, with such proof of the authenticity of the signature as the Corporation or its agents may reasonably require; and, in the case of uncertificated shares of stock, upon receipt of proper transfer instructions from the registered holder of the shares or by such person's attorney duly authorized in writing, and upon compliance with appropriate procedures for transferring shares in uncertificated form. No transfer of stock shall be valid as against the Corporation for any purpose until it shall have been entered in the stock records of the Corporation by an entry showing from and to whom transferred.

(d) Record Owners. The person in whose name shares of stock stand on the books of the Corporation shall be deemed the owner thereof for all purposes as regards the Corporation, and the Corporation shall not be bound to recognize any equitable or other claim to or interest in such shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise required by law.

(e) Transfer and Registration. The Board of Directors may make such rules and regulations as it may deem expedient, not inconsistent with these Bylaws, concerning the issue, transfer and registration of certificated and uncertificated shares of the capital stock of the Corporation. It may appoint one or more transfer agents or one or more registrars or both, and may require all certificates of stock to bear the signature of either or both.

(f) Record Date. In order that the Corporation may determine the stockholders entitled to notice of, or to vote at, a meeting of stockholders or any adjournment thereof, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any other change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which shall not be more than 60 nor less than ten days before the date of such meeting, nor more than 60 days prior to any other action. If in any case involving the determination of stockholders for any purpose other than notice of or voting at a meeting of stockholders the Board of Directors shall not fix such a record date, the record date for determining stockholders for such purpose shall be the close of business on the day on which the Board of Directors shall adopt the resolution relating thereto. A determination of stockholders entitled to notice of, or to vote at, a meeting of stockholders, shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

(g) Loss, Destruction or Mutilation of Certificates. In case of loss, destruction or mutilation of any certificate of stock, another may be issued in its place upon proof of such loss, destruction or mutilation and upon the giving to the Corporation of a bond sufficient to indemnify the Corporation, its transfer agents and registrars, against any claim that may be made against it or them on account of the alleged loss or destruction of any such certificate or the issuance of such new certificate; provided,

however, that a new certificate may be issued without requiring any bond when, in the judgment of the Board of Directors, it is proper so to do.

ARTICLE IV

STOCKHOLDERS' MEETINGS

(a) Place of Meetings. All meetings of the stockholders of the Corporation shall be held at such place, either within or without the State of Delaware, as the Board of Directors shall determine. The place at which any given meeting shall be held shall be distinctly specified in the notice of such meeting.

(b) Annual Meetings. The annual meeting of the stockholders of the Corporation, for the election of directors and for the transaction of such other business as may properly come before the meeting in accordance with these Bylaws, shall be held on such date and at such time as may be fixed by resolution of the Board of Directors.

(c) Special Meetings. Special meetings of stockholders of the Corporation may be called only by the Board of Directors pursuant to a resolution adopted by a majority of the Entire Board (as defined below) or upon written request of stockholders holding no less than 25% percent of the shares of common stock issued and outstanding. Any such written request shall include the proposed purpose or purposes of the meeting and be accompanied by the information required by this Article IV, including with respect to the requesting stockholders, each proposal to be presented by the requesting stockholders and, if any such proposal involves the election of directors, each person to be nominated by the requesting stockholders for election as a director of the Corporation. Such written request and accompanying information shall be delivered to the Secretary of the Corporation at its principal executive office. In the event a special meeting is properly requested pursuant to this Section (c), then either a majority of the Board of Directors, or the Chairman of the Board, or the President shall cause a special meeting of stockholders to be called for a date not more than 120 days after the Secretary of the Corporation receives the requisite written request and accompanying information. Business transacted at a special meeting shall be limited to the purpose(s) stated in the notice of the meeting. The Board of Directors shall have the authority in its discretion to include in the notice of a special meeting requested by stockholders matters in addition to those proposed by the requesting stockholders. The term “**Entire Board**” as used in these Bylaws means the total number of authorized directors the Corporation would have if there were no vacancies.

(d) Notice. Unless otherwise required by law or the certificate of incorporation of the corporation, as amended and restated from time to time (the “**Certificate of Incorporation**”), written notice of the annual and of all special meetings of the stockholders shall be given either personally, by mail or by electronic transmission (if permitted under the circumstances by the General Corporation Law of the State of Delaware, as amended (the “**DGCL**”)) to each stockholder entitled to vote at such meeting as of the record date for determining stockholders entitled to notice of the meeting. Every notice of a meeting of stockholders shall state the place, date and time of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called and the means of remote communications, if any, by which stockholders and proxy holders may be deemed present in person and vote at such meeting. If mailed, such notice shall be deemed to be given when deposited in the United States mail with postage thereon prepaid, addressed to the stockholder at the stockholder’s address as it appears on the stock transfer books of the Corporation. If notice is given by means of electronic transmission, such notice shall be deemed to be given at the times provided in the DGCL. Any stockholder may waive notice of any meeting before or after the meeting. The attendance of a stockholder at any meeting shall constitute a waiver of notice at such meeting, except where a stockholder attends such meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting was not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any annual or special meeting of stockholders need be specified in any

waiver of notice unless so required by law. Except for an adjournment exceeding 30 days or if, after the adjournment, a new record date for the determination of stockholders entitled to vote at the adjourned meeting is fixed for the adjourned meeting, notice of any adjourned meeting of the stockholders of the Corporation shall not be required to be given if the time and place thereof, and the means of remote communication, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such adjourned meeting, are announced at the meeting which is adjourned.

(e) Adjournments. Any meeting of stockholders of the Corporation may be adjourned from time to time to reconvene at the same or some other place by holders of a majority of the voting power of the Corporation's capital stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, though less than a quorum, or by any officer entitled to preside at or to act as secretary of such meeting. At the adjourned meeting, the Corporation may transact any business that might have been transacted at the original meeting.

(f) List of Stockholders Entitled to Vote. It shall be the duty of the officer who shall have charge of the stock ledger of the Corporation to prepare and make, at least ten days before every meeting of stockholders of the Corporation, a complete list of the stockholders entitled to vote at said meeting, provided, however, that if the record date for determining the stockholders entitled to vote is less than ten (10) days before the meeting date, the list shall reflect the stockholders entitled to vote as of the tenth (10th) day before the meeting date, arranged in alphabetical order, showing their addresses of record and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, for a period of at least ten days prior to the meeting: (i) on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of the meeting, or (ii) during ordinary business hours, at the principal place of business of the Corporation. In the event that the meeting is to be held at a place other than the Corporation's principal place of business, then the list shall be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present. If the meeting is to be held solely by means of remote communication, then the list shall also be open to the examination of any stockholder during the whole time of the meeting on a reasonably accessible electronic network, and the information required to access such list shall be provided with the notice of the meeting.

(g) Quorum. The holders of a majority of the stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of any business except as otherwise provided by law or by the Certificate of Incorporation. Where a separate vote by a class or classes or series is required, a majority of the voting power of the shares of such class or classes or series present in person or represented by proxy shall constitute a quorum entitled to take action with respect to such vote. If a quorum shall not be present or represented at any meeting of the stockholders, either the chairperson of the meeting or the stockholders entitled to vote thereat present in person or by proxy shall have power to adjourn the meeting from time to time in the manner provided in Section (e) of this Article IV, until a quorum shall be present or represented. A quorum, once established, shall not be broken by the withdrawal of enough votes to leave less than a quorum. At any such adjourned meeting at which a quorum shall be present or represented any business may be transacted which might have been transacted at the meeting as originally called.

(h) Voting of Stock of Certain Holders. Shares of stock of the Corporation standing in the name of another corporation or entity, domestic or foreign, and entitled to vote may be voted by such officer, agent or proxy as the bylaws or other internal regulations of such corporation or entity may prescribe or, in the absence of such provision, as the board of directors or comparable body of such corporation or entity may determine. Shares of stock of the Corporation standing in the name of a deceased person, a minor, an incompetent or a debtor in a case under Title 11, United States Code, and

entitled to vote may be voted by an administrator, executor, guardian, conservator, debtor-in-possession or trustee, as the case may be, either in person or by proxy, without transfer of such shares into the name of the official or other person so voting. A stockholder whose shares of stock of the Corporation are pledged shall be entitled to vote such shares, unless on the transfer records of the Corporation such stockholder has expressly empowered the pledgee to vote such shares, in which case only the pledgee, or the pledgee's proxy, may vote such shares.

(i) Treasury Stock. Shares of stock of the Corporation belonging to the Corporation, or to another corporation a majority of the shares entitled to vote in the election of directors of which are held by the Corporation, shall not be voted at any meeting of stockholders of the Corporation and shall not be counted in the total number of outstanding shares for the purpose of determining whether a quorum is present. Nothing in this Section (i) of Article IV shall limit the right of the Corporation to vote shares of stock of the Corporation held by it in a fiduciary capacity.

(j) Proxies. Each stockholder entitled to vote at a meeting of stockholders may authorize another person or persons to act for such stockholder by proxy, but no proxy shall be valid after three years from the date of its execution, unless a longer time is expressly provided therein.

(k) No Consent of Stockholders in Lieu of Meeting. Any action required or permitted to be taken by the stockholders of the Corporation must be effected at a duly called annual or special meeting of stockholders of the Corporation and may not be effected by any consent in writing by such stockholders.

(l) Nature of Business at Meetings of Stockholders. At any annual or special meeting of stockholders, the proposal of business to be considered by the stockholders and persons nominated for election as directors by stockholders shall be entertained only if advance written notice thereof has been timely given in proper form in accordance with the requirements of Section (m) of this Article IV (in the case of such proposals) or Section (o) of this Article IV (in the case of such nominations) and such proposals or nominations are otherwise proper for consideration under applicable law and the Certificate of Incorporation and these Bylaws. Any stockholder who wishes to include nominations for the election of directors in the Corporation's proxy statement for an annual meeting of stockholders must comply with Section (s) of this Article IV. Notice of any proposal to be presented by any stockholder or of the name of any person to be nominated by any stockholder for election as a director of the Corporation at any meeting of stockholders shall be delivered in proper written form to the Secretary of the Corporation at its principal executive office not less than 90 nor more than 120 days prior to the first anniversary of the date of the preceding year's annual meeting; provided, however, that if the annual meeting is convened more than 30 days before or more than 60 days after such anniversary date, or if no annual meeting was held in the preceding year, notice by the stockholder to be timely must be so received no more than 120 days prior to such annual meeting nor less than the later of (i) 90 days prior to such annual meeting and (ii) 10 days after the day on which public disclosure of the date of the meeting was made. In no event shall an adjournment of an annual or a special meeting, or a postponement of an annual or a special meeting for which notice has been given, or the public disclosure thereof, commence a new time period for the giving of a stockholder's notice as described above. The person presiding at the meeting, in addition to making any other determinations that may be appropriate to the conduct of the meeting, shall determine whether such notice has been duly given and shall direct that proposals and nominees not be considered if such notice has not been given.

(m) Form of Notice for Stockholder Proposals. To be in proper written form, a stockholder's notice to the Secretary of any proposal of business to be presented by such stockholder for consideration by the stockholders at an annual or special meeting of stockholders must set forth (i) as to each matter each Proposing Party (as defined below) proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting and the reasons for conducting such business at the

meeting, (ii) the name and address of each Proposing Party, (iii)(A) the class or series and number of shares of capital stock (if any) of the Corporation that are, directly or indirectly, owned beneficially or of record by each Proposing Party or any Stockholder Associated Person (as defined below), (B) any option, warrant, convertible security, stock appreciation right or similar right with an exercise or conversion privilege or a settlement payment or mechanism at a price related to any class or series of shares of the Corporation or with a value derived in whole or in part from the value of any class or series of shares of the Corporation, any derivative or synthetic arrangement having the characteristics of a long position in any class or series of shares of the Corporation, or any contract, derivative, swap or other transaction or series of transactions designed to produce economic benefits and risks that correspond substantially to the ownership of any class or series of shares of the Corporation, including due to the fact that the value of such contract, derivative, swap or other transaction or series of transactions is determined by reference to the price, value or volatility of any class or series of shares of the Corporation, whether or not such instrument, contract or right shall be subject to settlement in the underlying class or series of shares of the Corporation, through the delivery of cash or other property, or otherwise, and without regard to whether the holder thereof may have entered into transactions that hedge or mitigate the economic effect of such instrument, contract or right, or any other direct or indirect opportunity to profit or share in any profit derived from any increase or decrease in the value of shares of the Corporation (any of the foregoing, a “**Derivative Instrument**”) directly or indirectly owned beneficially by each Proposing Party or any Stockholder Associated Person, (C) any proxy, contract, arrangement, understanding or relationship pursuant to which any Proposing Party or any Stockholder Associated Person has a right to vote any class or series of shares of the Corporation, (D) any Short Interest (as defined below) held by or involving any Proposing Party or any Stockholder Associated Person, (E) any rights to dividends on the shares of the Corporation owned beneficially by any Proposing Party or any Stockholder Associated Person that are separated or separable from the underlying shares of the Corporation, (F) any proportionate interest in shares of the Corporation or Derivative Instruments held, directly or indirectly, by a general or limited partnership in which any Proposing Party or any Stockholder Associated Person is a general partner or, directly or indirectly, beneficially owns an interest in a general partner of such general or limited partnership, (G) any performance-related fees (other than an asset-based fee) that any Proposing Party or any Stockholder Associated Person is entitled to based on any increase or decrease in the value of shares of the Corporation or Derivative Instruments, if any, including any such interests held by members of such Proposing Party’s or such Stockholder Associated Person’s immediate family sharing the same household and (H) any direct or indirect interest of any Proposing Party or any Stockholder Associated Person in any contract with the Corporation or any affiliate of the Corporation (including any employment agreement, collective bargaining agreement or consulting agreement), (which information described in this clause (iii) shall be supplemented by such stockholder not later than ten (10) days after the record date for the meeting to disclose such information as of the record date); (iv) a description of all arrangements or understandings between any Proposing Party or any Stockholder Associated Person and any other person or persons (including their names) in connection with the proposal of such business by such Proposing Party and any material interest of any Proposing Party and any Stockholder Associated Person in such business; (v) a representation that such stockholder intends to appear in person or by proxy at the annual or special meeting to bring such business before the meeting; (vi) a Business Solicitation Representation (as defined below); and (vii) any other information relating to each Proposing Party that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for stockholder proposals pursuant to Section 14 of the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder (the “**Exchange Act**”) or the rules and regulations promulgated thereunder (the “**Proxy Rules**”).

(n) Definitions. For purposes of these Bylaws, (i) “**Business Solicitation Representation**” shall mean, with respect to any Proposing Party, a representation as to whether or not such Proposing Party or

any Stockholder Associated Person will deliver a proxy statement and form of proxy to the holders of at least the percentage of the Corporation's voting shares required under applicable law to adopt such proposed business or otherwise to solicit proxies from stockholders in support of such proposal; (ii) "**proposing party**" shall mean each stockholder proposing to bring before a meeting of the stockholders any matter and each beneficial owner on whose behalf such matter is proposed; (iii) "**public disclosure**" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act; (iv) "**Stockholder Associated Person**" shall mean, with respect to any Proposing Party or any Nominating Party (as defined below), (A) any person directly or indirectly controlling, controlled by, under common control with or acting in concert with such Proposing Party or Nominating Party (as applicable) or (B) any member of the immediate family of such Proposing Party or Nominating Party (as applicable) sharing the same household; and (v) "**Short Interest**" shall mean any agreement, arrangement, understanding, relationship or otherwise, including any repurchase or similar so-called "stock borrowing" agreement or arrangement, involving any Proposing Party or any Nominating Party, as applicable, or any Stockholder Associated Person of any Proposing Party or Nominating Party, as applicable, directly or indirectly, the purpose or effect of which is to mitigate loss to, reduce the economic risk (of ownership or otherwise) of any class or series of shares of the Corporation by, manage the risk of share price changes for, or increase or decrease the voting power of, such Proposing Party or such Nominating Party, as applicable, or any Stockholder Associated Person of any Proposing Party or Nominating Party, as applicable, with respect to any class or series of shares of the Corporation, or which provides, directly or indirectly, the opportunity to profit or share in any profit derived from any decrease in the price or value of any class or series of shares of the Corporation.

(o) Form of Notice for Nominations. To be in proper written form, a stockholder's notice to the Secretary of the name of a person to be nominated by such stockholder for election as a director of the Corporation at an annual or special meeting of stockholders must set forth (i) as to each person whom the stockholder proposes to nominate for election as a director by the stockholders (A) the name, age, business address and residence address of such person; (B) the principal occupation or employment of such person; (C) the class or series and number of shares of capital stock (if any) of the Corporation that are, directly or indirectly, owned beneficially or of record by such person; and (D) any other information relating to such person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors required pursuant to the Proxy Rules; (ii) the name and address of the stockholder giving the notice and the beneficial owner, if any, on whose behalf such nomination is made (each, a "**Nominating Party**"), (iii) as to each Nominating Party (A) the class or series and number of shares of capital stock of the Corporation that are, directly or indirectly, owned beneficially or of record by each Nominating Party or any Stockholder Associated Person, (B) any Derivative Instrument directly or indirectly owned beneficially by each Nominating Party or any Stockholder Associated Person, (C) any proxy, contract, arrangement, understanding or relationship pursuant to which any Nominating Party or any Stockholder Associated Person has a right to vote any class or series of shares of the Corporation, (D) any Short Interest held by or involving any Nominating Party or any Stockholder Associated Person, (E) any rights to dividends on the shares of the Corporation owned beneficially by any Nominating Party or any Stockholder Associated Person that are separated or separable from the underlying shares of the Corporation, (F) any proportionate interest in shares of the Corporation or Derivative Instruments held, directly or indirectly, by a general or limited partnership in which any Nominating Party or any Stockholder Associated Person is a general partner or, directly or indirectly, beneficially owns an interest in a general partner of such general or limited partnership, (G) any performance-related fees (other than an asset-based fee) that any Nominating Party or any Stockholder Associated Person is entitled to based on any increase or decrease in

the value of shares of the Corporation or Derivative Instruments, if any, including any such interests held by members of such Nominating Person's or such Stockholder Associated Person's immediate family sharing the same household and (H) any direct or indirect interest of any Nominating Party or any Stockholder Associated Person in any contract with the Corporation or any affiliate of the Corporation (including any employment agreement, collective bargaining agreement or consulting agreement), (which information described in this clause (iii) shall be supplemented by such stockholder not later than ten (10) days after the record date for the meeting to disclose such information as of the record date); (iv) a description of all arrangements or understandings between any Nominating Party or any Stockholder Associated Person and each proposed nominee or any other person or persons (including their names) pursuant to which the nomination(s) are to be made, (v) a representation that such stockholder intends to appear in person or by proxy at the meeting to nominate the persons named in its notice, (vi) a representation (a "**Nominee Solicitation Representation**") as to whether or not such Nominating Party or any Stockholder Associated Person will deliver a proxy statement and form of proxy to a number of holders of the Corporation's voting shares reasonably believed by such Nominating Party to be sufficient to elect its nominee or nominees or otherwise to solicit proxies from stockholders in support of such nominations, (vii) a written questionnaire with respect to the background and qualification of each proposed nominee and the background of any other person or entity on whose behalf the nomination is being made (which questionnaire shall be provided by the Secretary upon written request), (viii) a written representation and agreement (in the form provided by the Secretary upon written request) that such person (x) is not and will not become a party to (A) any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person or entity as to how such person, if elected as a director of the Corporation, will act or vote on any issue or question (a "**Voting Commitment**") that has not been disclosed to the Corporation or (B) any Voting Commitment that could limit or interfere with such person's ability to comply, if elected as a director of the Corporation, with such person's fiduciary duties under applicable law and (y) in such person's individual capacity and on behalf of any person or entity on whose behalf the nomination is being made, would be in compliance, if elected as a director of the Corporation, and will comply with all applicable publicly disclosed corporate governance, conflict of interest, confidentiality and stock ownership and trading policies and guidelines of the Corporation, and (ix) any other information relating to each Nominating Party that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to the Proxy Rules. Such notice must be accompanied by a written consent of each proposed nominee to being named as a nominee and to serve as a director if elected. The Corporation may require any proposed nominee to furnish such other information as it may reasonably require to determine the eligibility of such proposed nominee to serve as a director of the Corporation.

(p) **Improper Business**. No business shall be conducted at the annual meeting of stockholders of the Corporation except business brought before the annual meeting in accordance with the procedures set forth in this Article IV. If the chairperson of an annual meeting determines that business was not properly brought before the annual meeting in accordance with the foregoing procedures, the chairperson shall declare to the meeting that the business was not properly brought before the meeting, and such business shall not be transacted. Notwithstanding the foregoing provisions of this Article IV, unless otherwise required by law, if the stockholder (or a qualified representative of the stockholder) does not appear at the annual or special meeting of stockholders of the Corporation to present a nomination or proposal, such nomination or proposal, as applicable, may, at the sole discretion of the chairperson, be disregarded, notwithstanding that proxies in respect of such vote may have been received by the Corporation. For purposes of this Article IV, to be considered a qualified representative of the stockholder, a person must be a duly authorized officer, manager or partner of such stockholder or must be authorized by a writing executed by such stockholder or an electronic transmission delivered by such stockholder to act for such stockholder as proxy at the meeting of stockholders, and such person must produce such

writing or electronic transmission, or a reliable reproduction of the writing or electronic transmission, at the meeting of stockholders.

(q) Exchange Act. Notwithstanding the provisions of this Article IV, a stockholder shall also comply with all applicable requirements of the Exchange Act with respect to the matters set forth in such sections. Nothing in such sections shall be deemed to affect any rights of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act.

(r) Inspectors of Election. In advance of any meeting of stockholders of the Corporation, the Chairman of the Board, the Chief Executive Officer or the Board of Directors, by resolution shall appoint one or more inspectors to act at the meeting and make a written report thereof. One or more other persons may be designated as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is able to act at a meeting of stockholders, the chairperson of the meeting shall appoint one or more inspectors to act at the meeting. Unless otherwise required by applicable law, inspectors may be officers, employees or agents of the Corporation. Each inspector, before entering upon the discharge of the duties of inspector, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of such inspector's ability. The inspector shall have the duties prescribed by law and shall take charge of the polls and, when the vote is completed, shall make a certificate of the result of the vote taken and of such other facts as may be required by applicable law.

(s) Proxy Access for Director Nominees.

(i) Definitions. For purposes of this Section (s), the following terms shall have the following meanings:

- (A) “ **Compensation Arrangement** ” shall mean any direct or indirect compensatory, payment or other financial agreement, arrangement or understanding with any person or entity other than the Corporation, including, without limitation, any agreement, arrangement or understanding with respect to any direct or indirect compensation, reimbursement or indemnification in connection with candidacy, service or action as a nominee or as a director.
- (B) “ **Eligible Stockholder** ” shall mean a person who has either (x) been a record holder of the shares of common stock of the Corporation used to satisfy the eligibility requirements in Section (s)(iv) continuously for the required three-year period or (y) provides to the Secretary of the Corporation, within the time period referred to in Section (s)(v), evidence of its continuous Ownership of such shares for such three-year period from one or more securities intermediaries.
- (C) “ **Maximum Number** ” shall mean that number of directors constituting the greater of (x) two or (y) 20% of the total number of directors of the Corporation on the last day on which a Nomination Notice may be submitted pursuant to this Section (s) (rounded down to the nearest whole number), which number shall be reduced as set forth in Section (s)(iii)(A).
- (D) “ **Minimum Number** ” shall mean 3% of the number of outstanding shares of common stock of the Corporation as of the most recent date for which such amount is given in any filing by the Corporation with the Securities and Exchange Commission prior to the submission of the Nomination Notice.

- (E) “ **Nominating Stockholder** ” shall mean any Eligible Stockholder or group of up to 20 stockholders (a “ **Nominator Group** ”) that, collectively as a group, satisfy the requirements to qualify as an Eligible Stockholder, that (1) has (individually and collectively, in the case of a Nominator Group) satisfied all applicable conditions and complied with all applicable procedures set forth in this Section (s) (including, without limitation, the timely submission of a Nomination Notice that meets the requirements set forth in this Section (s)), and (2) has nominated a Stockholder Nominee.
- (F) “ **Nomination Notice** ” shall mean all information and documents that a Nominating Stockholder is required to submit to the Secretary of the Corporation pursuant to Section (s)(vi) .
- (G) “ **Own** , ” “ **Owned** ” or “ **Owning** ” shall mean those outstanding shares of the Corporation’s capital stock entitled to vote on the election of directors of the Corporation with respect to which a stockholder possesses both:
- (1) the full voting and investment rights pertaining to the shares; and
 - (2) the full economic interest in (including the opportunity for profit and risk of loss on) such shares;

provided, that the number of shares calculated in accordance with clauses (1) and (2) shall not include any shares:

- (i) sold by such stockholder or any of its affiliates in any transaction that has not been settled or closed, including any short sale;
- (ii) borrowed by such stockholder or any of its affiliates for any purposes or purchased by such stockholder or any of its affiliates pursuant to an agreement to resell; or
- (iii) subject to any option, warrant, forward contract, swap, contract of sale, other derivative or similar agreement entered into by such stockholder or any of its affiliates, whether any such instrument or agreement is to be settled with shares or with cash based on the notional amount or value of shares of outstanding capital stock of the Corporation, in any such case which instrument or agreement has, or is intended to have, or if exercised by either party thereto would have, the purpose or effect of reducing in any manner, to any extent or at any time in the future, such stockholder’s or affiliates’ full right to vote or direct the voting of any such shares, and/or hedging, offsetting or altering to any degree gain or loss arising from the full economic Ownership of such shares by such stockholder or affiliate, other than any such arrangements solely involving a national or multi-national multi-industry market index.

A stockholder shall “Own” shares held in the name of a nominee or other intermediary so long as the stockholder retains the right to instruct how the shares are voted with respect to the election of directors and possesses the full economic interest in the shares. A stockholder’s Ownership of shares shall be deemed to continue during any period in which the stockholder has loaned such shares or delegated any voting power over such shares by means of a proxy, power of

attorney or other instrument or arrangement which in either case is revocable at any time by the stockholder; provided, however, in the event of a loan, such shares are actually recalled prior to the end of the period in question. The terms “Owned,” “Owning” and other variations of the word “Own” shall have correlative meanings. Whether shares constitute shares Owned shall be decided by the Board of Directors in its reasonable determination, which determination shall be conclusive and binding on the Corporation and its stockholders.

- (H) “**Stock Exchange Rules**” shall mean the rules of any stock exchange on which the Corporation’s securities are traded.
- (I) “**Stockholder Nominee**” shall mean any person nominated for election pursuant to this Section (s).
- (ii) Proxy Access at Annual Meeting. Subject to the provisions of this Section (s), if expressly requested in the relevant Nomination Notice, the Corporation shall include in its proxy statement for any annual meeting of stockholders:
 - (A) the name of any Stockholder Nominee, which shall also be included on the Corporation’s form of proxy and ballot;
 - (B) disclosure about the Stockholder Nominee and the Nominating Stockholder required under the rules of the Securities and Exchange Commission or other applicable law to be included in the proxy statement;
 - (C) any statement included by the Nominating Stockholder in the Nomination Notice for inclusion in the proxy statement in support of the Stockholder Nominee’s election to the Board of Directors (subject, without limitation, to Section (s)(vii)), if such statement does not exceed 500 words; and
 - (D) any other information that the Corporation or the Board of Directors determines, in its discretion, to include in the proxy statement relating to the nomination of the Stockholder Nominee, including, without limitation, any statement in opposition to the nomination, information relating to any Compensation Arrangement and/or Voting Commitment, and any of the information provided pursuant to this Section (s).

For the avoidance of doubt, the provisions of this Section (s) shall not apply to a special meeting of stockholders, and the Corporation shall not be required to include a director nominee of a stockholder or group of stockholders in the Corporation’s proxy statement or form of proxy or ballot for any special meeting of stockholders.

- (iii) Maximum Number of Stockholder Nominees.
 - (A) The Corporation shall not be required to include in the proxy statement for an annual meeting of stockholders more Stockholder Nominees than the Maximum Number. In the event that one or more vacancies for any reason occurs on the Board of Directors after the deadline set forth in Section (s)(v) but before the date of the annual meeting and the Board of Directors resolves to reduce the size of the Board of Directors in connection therewith, the Maximum Number shall be calculated based on the number

of directors in office as so reduced. The Maximum Number for a particular annual meeting shall be reduced by:

- (1) Stockholder Nominees whose nominations for election at such annual meeting are subsequently withdrawn;
 - (2) Stockholder Nominees who the Board of Directors itself decides to nominate for election at such annual meeting; and
 - (3) the number of incumbent directors or director candidates (including, without limitation, candidates who are not Stockholder Nominees) that in either case will be included in the Corporation's proxy statement for an annual meeting of stockholders as an unopposed (by the Corporation) nominee pursuant to any agreement, arrangement or other understanding with any stockholder or group of stockholders.
- (B) Any Nominating Stockholder submitting more than one Stockholder Nominee for inclusion in the Corporation's proxy materials pursuant to this Section (s) shall rank such Stockholder Nominees based on the order that the Nominating Stockholder desires such Stockholder Nominees to be selected for inclusion in the Corporation's proxy materials. In the event that the number of Stockholder Nominees submitted by Nominating Stockholders pursuant to this Section (s) exceeds the Maximum Number, the highest ranking Stockholder Nominee who meets the requirements of this Section (s) from each Nominating Stockholder will be selected for inclusion in the Corporation's proxy materials until the Maximum Number is reached, going in order of the amount (largest to smallest) of shares of capital stock of the Corporation that each Nominating Stockholder disclosed as Owned in its respective Nomination Notice submitted to the Corporation. This selection process will continue with the next highest ranked nominees as many times as necessary, following the same order each time, until the Maximum Number is reached.

(iv) Eligible Stockholders.

- (A) An Eligible Stockholder or Nominator Group may submit a nomination in accordance with this Section (s) only if the person or group (in the aggregate) has continuously Owned at least the Minimum Number (as adjusted for any stock splits, stock dividends or similar events) of shares of the Corporation's capital stock entitled to vote on the election of directors of the Corporation throughout the three-year period preceding and including the date of submission of the Nomination Notice, and continues to Own at least the Minimum Number of shares through the date of the annual meeting. The following shall be treated as one Eligible Stockholder or one member of a Nominator Group if such Eligible Stockholder or member of a Nominator Group shall provide together with the Nomination Notice documentation that demonstrates compliance with the following criteria:
- (1) funds under common management and investment control;

- (2) funds under common management and funded primarily by the same employer; or
- (3) a “family of investment companies” or a “group of investment companies” (each as defined in the Investment Company Act of 1940, as amended).

For the avoidance of doubt, in the event of a nomination by a Nominator Group, any and all requirements and obligations for a given Eligible Stockholder (including, without limitation, each and every fund or company that comprises the Nominator Group) that are set forth in this Section (s), including the minimum holding period, shall apply to each member of such Nominator Group; provided, however, that the Minimum Number shall apply to the Ownership of the Nominator Group in the aggregate. Should any stockholder withdraw from a Nominator Group at any time prior to the annual meeting of stockholders, the Nominator Group shall only be deemed to Own the shares held by the remaining members of the group.

- (B) No stockholder shall be permitted to be in more than one Nominator Group, and if any stockholder appears as a member of more than one Nominator Group, or as a member of a Nominator Group and as a Nominating Stockholder without any such group, such stockholder shall be deemed to be a member of only the Nominator Group that has the largest Ownership position as reflected in the Nomination Notice and is not permitted to act as a Nominating Stockholder separate from such Nominator Group.
- (v) Timely Nomination Notice. To nominate a Stockholder Nominee pursuant to this Section (s), the Nominating Stockholder must submit the Nomination Notice to the Secretary of the Corporation:
- (A) not earlier than the close of business on the 150th day and not later than the close of business on the 120th day prior to the one-year anniversary of the date (as stated in the Corporation’s proxy materials relating to that annual meeting) that the Corporation first mailed its proxy statement for the annual meeting of the previous year, except where information or documents are required to be provided after the date the Nomination Notice is first submitted, as set forth in this Section (s); or
 - (B) if (and only if) the annual meeting is scheduled to be held on a date that is not within thirty (30) days before or after the anniversary date of the immediately preceding annual meeting of the stockholders, the Nomination Notice to be timely must be so delivered or received not later than the close of business on the tenth (10th) day following the earlier of the date on which notice or public disclosure of the date of the meeting was given or made by the Corporation, and in no event shall the adjournment or postponement of an annual meeting, or the announcement thereof, commence a new time period (or extend any time period) for the giving of the Nomination Notice.
- (vi) Nomination Notice. The Nomination Notice shall consist of, collectively, the following information, documents and agreements which shall, for avoidance of doubt, be compiled, completed and submitted by the Nominating Stockholder or its representatives at its own cost:

- (A) documentary evidence in the form of one or more written statements from the record holder of the shares (and from each intermediary through which the shares are or have been held during the requisite three-year holding period, provided that each such intermediary must be a participant in the Depository Trust Company or an affiliate of a participant in the Depository Trust Company) verifying and certifying that, as of a date within seven calendar days prior to the date of the Nomination Notice, the Nominating Stockholder Owns, and has continuously Owned for the preceding three years, the Minimum Number of shares, and the Nominating Stockholder's agreement to provide, within five business days after the record date for the annual meeting, documentary evidence in the form of written statements from the record holder and intermediaries verifying and certifying the Nominating Stockholder's continuous Ownership of the Minimum Number of shares through the record date;
- (B) an undertaking to provide immediate notice if the Nominating Stockholder ceases to Own the Minimum Number of shares prior to the date of the annual meeting;
- (C) a copy of the Schedule 14N (or any successor form) relating to the Stockholder Nominee, completed and filed with the Securities and Exchange Commission by the Nominating Stockholder as applicable, in accordance with Securities and Exchange Commission rules;
- (D) the written consent of each Stockholder Nominee to being named in the Corporation's proxy statement, form of proxy and ballot as a nominee and to serving as a director if elected;
- (E) a written notice of the nomination of such Stockholder Nominee that includes the following additional information, agreements, representations and warranties by the Nominating Stockholder (including, for the avoidance of doubt, each member of a Nominator Group):
 - (1) the information that would be required to be set forth in a stockholder's notice of nomination pursuant to Section (o)(i)-(iv) and (ix) of this Article IV;
 - (2) to the extent not included in the response to paragraph (1) above, a detailed description of all direct and indirect material compensation and other monetary agreements, arrangements and understandings during the past three years, and any other material relationships, between or among the Nominating Stockholder, on the one hand, and each Stockholder Nominee, on the other hand, including, without limitation, all information that would be required to be disclosed pursuant to Item 404 of Regulation S-K (or its successor Item) if the Nominating Stockholder were the "registrant" for purposes of such item and the Stockholder Nominee, were a director or executive officer of such registrant;
 - (3) a detailed description of all communications by such Nominating Stockholder with any other stockholder or beneficial owner of any securities of the Corporation regarding such Stockholder Nominee;

- (4) the details of any relationship that existed within the past three years and that would have been described pursuant to Item 6(e) of Schedule 14N (or any successor item) if it existed on the date of submission of the Schedule 14N;
- (5) a representation and warranty that the Nominating Stockholder did not acquire, and is not holding, securities of the Corporation for the purpose or with the effect of influencing or changing control of the Corporation;
- (6) a representation and warranty that the Nominating Stockholder has not nominated and will not nominate for election to the Board of Directors at the annual meeting any person other than such Nominating Stockholder's Stockholder Nominee(s);
- (7) a representation and warranty that the Nominating Stockholder has not engaged in and will not engage in a "solicitation" within the meaning of Rule 14a-1(l) under the Exchange Act with respect to the annual meeting, other than with respect to such Nominating Stockholder's Stockholder Nominee(s) or any nominee of the Board of Directors;
- (8) a representation and warranty that the Nominating Stockholder has not engaged in and will not engage in, other than with respect to such Nominating Stockholder's Stockholder Nominee(s) or any nominee of the Board of Directors, (1) an exempt solicitation as described in Rule 14a-2(b) under the Exchange Act, or (2) any communication, as described in Rule 14a-1(l)(2)(iv) under the Exchange Act, stating how the Nominating Stockholder intends to vote at the annual meeting and the reasons therefor;
- (9) a representation and warranty that the Nominating Stockholder will not use or distribute any proxy card other than the Corporation's proxy card in soliciting stockholders in connection with the election of a Stockholder Nominee at the annual meeting;
- (10) a representation and warranty that the Stockholder Nominee's candidacy or, if elected, membership on the Board of Directors would not violate applicable state or federal law or Stock Exchange Rules;
- (11) a representation and warranty that the Stockholder Nominee: (A) qualifies as independent under the Stock Exchange Rules; and (B) is not and has not been subject to any event specified in Rule 506(d)(1) of Regulation D (or any successor rule) under the Securities Act of 1933 or Item 401(f) of Regulation S-K (or any successor rule) under the Exchange Act, without reference to whether the event is material to an evaluation of the ability or integrity of the Stockholder Nominee;
- (12) a representation and warranty that the Nominating Stockholder satisfies the eligibility requirements set forth in Section (s)(iv) ;

- (13) a representation and warranty that the Nominating Stockholder will continue to satisfy the eligibility requirements described in Section (s)(iv) through the date of the annual meeting;
 - (14) details of any position of the Stockholder Nominee as an officer or director of any competitor, as defined for purposes of Section 8 of the Clayton Antitrust Act of 1914, of the Corporation, within the three years preceding the submission of the Nomination Notice;
 - (15) if desired, a statement for inclusion in the proxy statement in support of the Stockholder Nominee's election to the Board of Directors, provided that such statement shall not exceed 500 words and shall fully comply with Section 14 of the Exchange Act and the rules and regulations thereunder; and
 - (16) in the case of a nomination by a Nominator Group, the designation by all group members of one group member that is authorized to act on behalf of all group members with respect to matters relating to the nomination, including withdrawal of the nomination;
- (F) an executed agreement (which form of agreement shall be provided by the Secretary of the Corporation upon written request), which must be submitted within ten days of the Nominating Stockholder's first submission of the Nomination Notice, pursuant to which the Nominating Stockholder (including each member of a Nominator Group) agrees:
- (1) to comply with all applicable laws, rules and regulations in connection with the nomination, solicitation and election;
 - (2) to file any written solicitation or other communication with the Corporation's stockholders relating to one or more of the Corporation's directors or director nominees or any Stockholder Nominee with the Securities and Exchange Commission, regardless of whether any such filing is required under any rule or regulation or whether any exemption from filing is available for such materials under any rule or regulation;
 - (3) to assume all liability stemming from any action, suit or proceeding concerning any actual or alleged legal or regulatory violation arising out of any communication by the Nominating Stockholder or the Stockholder Nominee nominated by such Nominating Stockholder with the Corporation, its stockholders or any other person, including, without limitation, the Nomination Notice;
 - (4) to indemnify and hold harmless (jointly with all other members of a Nominator Group, if applicable) the Corporation and each of its directors, officers and employees individually against any liability, loss, damages, expenses or other costs (including attorneys' fees) incurred in connection with any action, suit or proceeding (whether threatened, pending or completed), whether legal, judicial administrative or investigative, against the Corporation or any of its directors, officers or employees arising out of or relating to a failure

or alleged failure of the Nominating Stockholder or Stockholder Nominee to comply with, or any breach or alleged breach of, its, or his or her, as applicable, obligations, agreements or representations under or pursuant to this Section (s), or otherwise arising out of any nomination, solicitation or other activity by any Eligible Stockholder or any member of Nominator Group in connection with its efforts pursuant to this Section (s);

- (5) to promptly (and in any event within 48 hours of discovering such misstatement or omission) notify the Corporation and any other recipient of any misstatement or omission if information included in the Nomination Notice, or any other communication by the Nominating Stockholder (including with respect to any member of a Nominator Group) with the Corporation, its stockholders or any other person in connection with the nomination or election ceases to be true and accurate in all material respects (or omits a material fact necessary to make the statements made not misleading), and promptly notify the Corporation and any other recipient of the information that is required to correct the misstatement or omission; and
 - (6) in the event that the Nominating Stockholder (including any member of a Nominator Group) has failed to continue to satisfy the eligibility requirements described in Section (s)(iv), to promptly notify the Corporation.
- (G) a written questionnaire with respect to the background and qualification of each Stockholder Nominee and the background of the Nominating Stockholder (including each member of a Nominator Group) (which questionnaire shall be provided by the Secretary of the Corporation upon written request); which must be submitted within ten days of the Nominating Stockholder's first submission of the Nomination Notice; and
- (H) an executed agreement (which form of agreement shall be provided by the Secretary of the Corporation upon written request), which must be submitted within ten days of the Nominating Stockholder's first submission of the Nomination Notice, by the Stockholder Nominee:
- (1) to provide to the Corporation such other information as it may reasonably request;
 - (2) that the Stockholder Nominee has read and agrees, if elected, to serve as a member of the Board of Directors, to adhere to all applicable publicly disclosed corporate governance, conflict of interest, confidentiality and stock ownership and trading policies and guidelines of the Corporation; and
 - (3) that the Stockholder Nominee is not and will not become a party to (i) any Voting Commitment or Compensation Arrangement that has not been disclosed to the Corporation or (ii) any Voting Commitment that could limit or interfere with such person's ability to comply, if

elected as a director of the Corporation, with such person's fiduciary duties under applicable law.

The information and documents required by this Section (s)(vi) shall be provided with respect to and executed by the Nominating Stockholder (and each member of a Nominator Group), and provided with respect to the persons specified in Instructions 1 and 2 to Items 6(c) and (d) of Schedule 14N (or any successor item) in the case of a Nominating Stockholder or any member of a Nominator Group. The Nomination Notice shall be deemed submitted on the date on which all the information and documents referred to in this Section (s)(vi) (other than such information and documents required to be provided after the date the Nomination Notice is first submitted) have been delivered to or, if sent by mail, received by the Secretary of the Corporation.

(vii) Exclusion or Disqualification of Stockholder Nominees.

- (A) If, after the deadline for submitting a Nomination Notice as set forth in Section (s)(v), a Nominating Stockholder becomes ineligible or withdraws its nomination or a Stockholder Nominee becomes ineligible or unwilling to serve on the Board of Directors, whether before or after the mailing of the definitive proxy statement, the Corporation:
- (1) shall not be required to include in its proxy statement or on any ballot or form of proxy the Stockholder Nominee or any successor or replacement nominee proposed by the Nominating Stockholder or by any other Nominating Stockholder; and
 - (2) may otherwise communicate to its stockholders, including without limitation by amending or supplementing its proxy statement or ballot or form of proxy, that the Stockholder Nominee will not be included as a Stockholder Nominee in the proxy statement or on any ballot or form of proxy and will not be voted on at the annual meeting.
- (B) Notwithstanding anything to the contrary contained in this Section (s), the Corporation may omit from its proxy materials any Stockholder Nominee, and any information concerning such Stockholder Nominee (including a Nominating Stockholder's statement in support), and in such case no vote on such Stockholder Nominee will occur (notwithstanding that proxies in respect of such vote may have been received by the Corporation), and the Nominating Stockholder may not, after the last day on which a Nomination Notice would be timely, cure in any way any defect preventing the nomination of the Stockholder Nominee, if:
- (1) the Corporation receives a notice that a stockholder intends to nominate a candidate for director at the annual meeting pursuant to the advance notice requirements set forth in Section (o) of this Article IV;
 - (2) the Nominating Stockholder has engaged in a "solicitation" within the meaning of Rule 14a-1(I) under the Exchange Act with respect to the annual meeting, other than with respect to such Nominating

Stockholder's Stockholder Nominee(s) or any nominee of the Board of Directors;

- (3) the Nominating Stockholder has engaged in, other than with respect to such Nominating Stockholder's Stockholder Nominee(s) or any nominee of the Board of Directors, (1) an exempt solicitation as described in Rule 14a-2(b) under the Exchange Act, or (2) any communication, as described in Rule 14a-1(1)(2)(iv) under the Exchange Act, stating how the Nominating Stockholder intends to vote at the annual meeting and the reasons therefor;
 - (4) the Nominating Stockholder or the designated lead group member of a Nominator Group, as applicable, or any qualified representative thereof, does not appear at the annual meeting to present the nomination submitted in accordance with this Section (s);
 - (5) the Board of Directors, acting in good faith, determines that such Stockholder Nominee's nomination or election to the Board of Directors would result in the Corporation violating or failing to be in compliance with these Bylaws or the Certificate of Incorporation or any applicable law, rule or regulation to which the Corporation is subject, including the Stock Exchange Rules;
 - (6) the Stockholder Nominee has been, within the past three years, an officer or director of a competitor, as defined for purposes of Section 8 of the Clayton Antitrust Act of 1914, as amended; or
 - (7) the Nominating Stockholder has failed to continue to satisfy the eligibility requirements described in Section (s)(iv), any of the representations and warranties made in the Nomination Notice ceases to be true and accurate in all material respects (or omits a material fact necessary to make the statement made not misleading), the Stockholder Nominee becomes unwilling or unable to serve on the Board of Directors or any violation or breach occurs of any of the obligations, agreements, representations or warranties of the Nominating Stockholder or the Stockholder Nominee under this Section (s).
- (C) Notwithstanding anything to the contrary contained in this Section (s), the Corporation may omit from its proxy statement, or may supplement or correct, any information, including all or any portion of the statement in support of the Stockholder Nominee included in the Nomination Notice, if:
- (1) such information is not true in all material respects or omits a material statement necessary to make the statements made not misleading;
 - (2) such information directly or indirectly impugns the character, integrity or personal reputation of, or directly or indirectly makes charges concerning improper, illegal or immoral conduct or associations, without factual foundation, with respect to any

individual, corporation, partnership, association or other entity, organization or governmental authority;

- (3) the inclusion of such information in the proxy statement would otherwise violate the Securities and Exchange Commission proxy rules or any other applicable law, rule or regulation; or
 - (4) the inclusion of such information in the proxy statement would impose a material risk of liability upon the Corporation.
- (D) The Corporation may solicit against, and include in the proxy statement its own statement relating to, any Stockholder Nominee.
- (viii) **Interpretation.** The Board of Directors (and any other person or body authorized by the Board of Directors, including, without limitation, the Chairman of the relevant annual meeting) shall have the power and authority to interpret this **Section (s)** and to make any and all determinations necessary or advisable to apply this **Section (s)** to any persons, facts or circumstances, including the power to determine (A) whether one or more stockholders or beneficial owners qualifies as an Eligible Stockholder or Nominator Group, as applicable, (B) whether a Nomination Notice complies with this **Section (s)**, (C) whether a Stockholder Nominee satisfies the qualifications and requirements in this **Section (s)**, and (D) whether any and all requirements of this **Section (s)** have been satisfied. Any such interpretation or determination adopted in good faith by the Board of Directors (or any other person or body authorized by the Board of Directors, including, without limitation, the Chairman of the relevant annual meeting) shall be binding on all persons, including the Corporation and its stockholders (including any beneficial owners). The Chairman of the meeting shall, if the facts warrant, determine and declare to the meeting that a nomination was not made in accordance with the foregoing procedures, and the defective nomination shall be disregarded.

ARTICLE V

BOARD OF DIRECTORS

- (a) **Duties and Powers; Election.** The management of business and affairs of the Corporation shall be under the direction of a Board of Directors. Directors shall be elected by a plurality of the votes cast in the election of directors. However, in any election of directors in which only the holders of common stock are entitled to vote and in which the only nominees are those recommended by the Board of Directors, a nominee may only be elected if the votes cast in favor of such nominee exceed the votes cast against such nominee with “abstentions” and “broker non-votes” not counted as a vote cast either “for” or “against” that nominee’s election.
- (b) **Resignations of Directors.** Any director of the Corporation may resign at any time by giving notice in writing or by electronic transmission to the Chairman of the Board, the Chief Executive Officer or the Secretary. Such resignation shall take effect upon receipt unless it is specified to be effective at some other time or upon the occurrence of some other event, and unless otherwise specified in such notice, the acceptance of such resignation shall not be necessary to make it effective.
- (c) **Meetings.** Regular meetings of the Board of Directors may be held without notice at such places, whether within or without the State of Delaware, and at such times as the Board shall from time to time determine. Special meetings of the Board of Directors may be called at any time by the Chief Executive Officer or the Chairman or, if both are incapacitated or unable to call such meetings, by any

member of the Board of Directors. Such meetings shall be held at such places and at such times as the person calling the meeting shall specify.

(d) Notice. Notice of all special meetings of the Board of Directors shall be given to each director by at least 24 hours' service of the same by facsimile, electronic mail, telephone, overnight courier, letter or personal delivery. If mailed, such notice shall be deemed to be given two business days after it is deposited in the United States mail with first class postage prepaid; if sent by overnight courier, such notice shall be deemed to be given one business day after it is deposited with the overnight courier; and notice by facsimile, electronic mail, telephone or personal delivery shall be deemed given when the notice is transmitted. Notice of any special meeting of the Board of Directors shall state the place and time of the meeting, but need not state the purposes thereof unless required by law. Any director may waive notice of any meeting before or after the meeting. A meeting of the Board of Directors or of any Board committee may be held at any time without notice, if all of the directors are present or if those not present waive notice of the meeting. The attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except where the director attends the meeting for the express purpose of objecting at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened. Notice of regular meetings of the Board need not be given. In the absence of written instructions from a director designating some other address, notice shall be sufficiently given if addressed to such director at such director's usual business address.

(e) Quorum. A majority of the Entire Board shall constitute a quorum for the transaction of business at all meetings of the Board of Directors, and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board of Directors. If a quorum shall not be present at any meeting of the Board of Directors, the directors present at the meeting may adjourn the meeting from time to time, without notice other than announcement at the meeting of the time and place of the adjourned meeting, until a quorum shall be present.

(f) Compensation. Each director of the Corporation shall be entitled to receive such fixed sum per meeting of the Board of Directors or committee thereof attended, or such annual sum, or both, as the Board shall from time to time determine, together with such director's reasonable expenses of attendance at such meeting. Directors who are full-time employees of the Corporation shall not receive any compensation for their service as director.

(g) Chairman of the Board. The Board of Directors may from time to time, but in no event less frequently than annually, elect from among its members a Chairman of the Board. Except as otherwise provided by law or Section (h) or (i) of this Article V, the Chairman of the Board shall, if present, preside at all meetings of the stockholders and at all meetings of the Board of Directors. The Chairman of the Board shall have such other powers and duties as may from time to time be assigned by the Board of Directors.

(h) Lead Director. The Board of Directors may elect a Lead Director. The Lead Director shall be one of the directors who has been determined by the Board of Directors to be "independent directors" (any such director, an "**Independent Director**"). The Lead Director shall preside at all meetings of the Board of Directors at which the Chairman of the Board is not present, preside over the executive sessions of the Independent Directors, serve as a liaison between the Chairman of the Board and the Board of Directors and shall have such other responsibilities, and shall perform such duties, as may from time to time be assigned to the Lead Director by the Board of Directors. The Lead Director shall be elected by a majority of the Independent Directors.

(i) Organization. At each meeting of the Board of Directors, the Chairman of the Board, or in the Chairman's absence, the Lead Director, or in the Chairman's and Lead Director's absence, a director chosen by a majority of the directors present, shall act as chairman. The Secretary shall act as secretary at

each meeting of the Board of Directors. In case the Secretary shall be absent from any meeting of the Board of Directors, an assistant secretary shall perform the duties of secretary at such meeting, and in the absence from any such meeting of the Secretary and all assistant secretaries, the chairman of the meeting may appoint any person to act as secretary of the meeting.

(j) Actions of the Board by Written Consent. Any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if all the members of the Board of Directors or committee, as the case may be, consent thereto in writing or by electronic transmission, and the writing or writings or electronic transmission are filed with the minutes of proceedings of the Board of Directors or committee.

(k) Telephonic Meetings. Members of the Board of Directors, or any committee thereof, may participate in a meeting of the Board of Directors or such committee by means of a conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this Section (k) of Article V shall constitute presence in person at such meeting.

ARTICLE VI

COMMITTEES

(a) General. The Board of Directors may from time to time, in its discretion, designate, and appoint from the directors, committees of one or more persons which shall have and may exercise such lawfully delegable powers and duties conferred or authorized by the resolutions of designation and appointment. The Board of Directors shall have power at any time to change the members of any such committee, to fill vacancies, and to discharge any such committee. Each committee shall keep regular minutes and report to the Board of Directors when required.

(b) Quorum. Unless the Board of Directors shall provide otherwise, the presence of one-third of the total membership of any committee of the Board of Directors, but no less than two members, shall constitute a quorum for the transaction of business at any meeting of such committee, and the act of a majority of those present shall be necessary and sufficient for the taking of any action thereat.

ARTICLE VII

OFFICERS

(a) General. The officers of the Corporation shall be the Chief Executive Officer, the President, the Secretary, and the Treasurer, who shall be elected by the Board of Directors, and may include the Chief Financial Officer, the Controller and such additional Assistant Secretaries, Assistant Treasurers, Vice Presidents and other officers as may from time to time be elected or appointed by the Board of Directors or, with the exception of the Chief Executive Officer, appointed by the Chief Executive Officer. Any two or more of the aforementioned offices may be held by the same person except those of President and Secretary.

(b) Term; Vacancies. Subject to Section (c) of this Article VII, each officer of the Corporation shall hold office until such officer's successor shall have been duly elected and shall have qualified or until such officer's earlier death, resignation or removal. All vacancies in such offices by resignation, death or otherwise may be filled by the Board of Directors or, with the exception of the Chief Executive Officer, by the Chief Executive Officer. In the case of absence or inability to act of any officer of the Corporation, and of any person herein authorized to act in such officer's place, the Board of Directors may from time to time delegate the powers or duties of such officer to any other officer or any director or other person whom they may select.

(c) Resignation and Removal. Any officer may resign upon notice given in writing or electronic transmission to the Chief Executive Officer or the Secretary. Such resignation shall be effective upon receipt unless it is specified to be effective at some other time or upon the occurrence of some other event. Any officer of the Corporation may be removed, either with or without cause, at any time, by the Board of Directors or, in the case of each officer of the Corporation other than the Chief Executive Officer, by the Chief Executive Officer.

(d) Chief Executive Officer. The Chief Executive Officer shall have general and active supervision and direction over the business and affairs of the Corporation and over its several officers; subject, however, to the control of the Board of Directors. The Chief Executive Officer or an officer designated by the Chief Executive Officer shall make a report on the state of the business of the Corporation at each annual meeting of stockholders. The Chief Executive Officer shall perform such other duties as from time to time may be assigned by the Board of Directors.

(e) President and Vice Presidents. The President and any Vice Presidents (including any Senior Vice Presidents and Executive Vice Presidents) shall perform such duties as from time to time may be assigned by the Chief Executive Officer or the Board of Directors.

(f) Treasurer. The Treasurer shall have charge and be responsible for keeping full and accurate accounts of receipts and disbursements in books belonging to the Corporation, depositing all moneys and other valuables in the name and to the credit of the Corporation, in such depositories as may be directed by the Board of Directors, disbursing the funds of the Corporation as may be ordered by the Board of Directors or the Chief Executive Officer taking proper vouchers therefor and rendering to the Chief Executive Officer and the directors whenever they may require it an account of all of the Treasurer's transactions as Treasurer and of the financial condition of the Corporation. The Treasurer shall also perform such other duties as from time to time may be assigned by the Chief Executive Officer, the Chief Financial Officer or the Board of Directors. If required by the Board of Directors, the Treasurer shall give the Corporation a bond in a form and in a sum with surety satisfactory to the Board of Directors for the faithful performance of the duties of the office of Treasurer and the restoration to the Corporation in the case of the officer's death, resignation or removal from office, of all books, papers, vouchers, money and other property of whatever kind in the officer's possession belonging to the Corporation.

(g) Assistant Treasurers. At the request of the Treasurer, or in the Treasurer's absence or inability to act, the Assistant Treasurer or, if there be more than one, the Assistant Treasurer designated by the Treasurer, shall perform the duties of the Treasurer and when so acting shall have the powers of and be subject to all the restrictions of the Treasurer. The Assistant Treasurers shall perform such other duties as from time to time may be assigned to them by the Chief Executive Officer, the Chief Financial Officer, the Treasurer or the Board of Directors.

(h) Chief Financial Officer. The Chief Financial Officer shall be the principal financial officer of the Corporation. The Chief Financial Officer shall render such accounts and reports as may be required by the Board of Directors or any committee thereof. The financial records, books and accounts of the Corporation shall be maintained subject to the Chief Financial Officer's direct or indirect supervision. The Chief Financial Officer shall perform such other duties as from time to time may be assigned by the Chief Executive Officer or the Board of Directors.

(i) Controller. The Controller shall exercise general supervision of the accounting staff of the Corporation. The Controller shall perform such duties as from time to time may be assigned by the Chief Executive Officer, the Chief Financial Officer or the Board of Directors.

(j) Secretary. The Secretary shall attend all meetings of the Board of Directors and of the stockholders and record all votes and the minutes of all proceedings in a book to be kept for that purpose.

The Secretary shall keep in safe custody the seal of the Corporation and, whenever authorized by the Board, affix the seal to any instrument or other document requiring the same. The Secretary shall see that proper notice is given of all meetings of the stockholders of the Corporation and of the Board of Directors and shall perform such other duties as may be prescribed from time to time by the Chief Executive Officer or the Board of Directors.

(k) Assistant Secretaries. At the request of the Secretary, or in the Secretary's absence or inability to act, the Assistant Secretary or, if there be more than one, the Assistant Secretary designated by the Secretary, shall perform the duties of the Secretary and when so acting shall have all the powers of and be subject to all the restrictions of the Secretary. The Assistant Secretaries shall perform such other duties as may from time to time be assigned to them by the Chief Executive Officer, the Secretary or the Board of Directors.

(l) Other Officers. Such other officers as the Board of Directors or the Chief Executive Officer may choose shall perform such duties and have such powers as from time to time may be assigned to them by the Board of Directors or the Chief Executive Officer. The Board of Directors may delegate to any other officer of the Corporation the power to choose such other officers and to prescribe their respective duties and powers.

ARTICLE VIII

CONTRACTS, CHECKS, NOTES, ETC.

(a) Contracts, Checks, Etc. All contracts and agreements authorized by the Board of Directors shall, unless otherwise directed by the Board of Directors, or unless otherwise required by law, be signed by any one of the following officers: the Chief Executive Officer, the President, any Vice President, the Treasurer, the Secretary, any Assistant Treasurer or any Assistant Secretary, any other person authorized by a resolution of the Board of Directors, and any other person authorized by the Chief Executive Officer, as evidenced by a written instrument of delegation. Any such authorization by the Board of Directors or the Chief Executive Officer shall remain in effect until rescinded by action of the Board of Directors or (in the case of a delegation by the Chief Executive Officer) by the Chief Executive Officer and, where it identifies the authorized signatory by office rather than by name, shall not be rescinded solely by virtue of a change in the person holding that office or a temporary vacancy in that office. All checks, drafts, notes, bonds, bills of exchange and orders for the payment of money (including orders for repetitive or non-repetitive electronic funds transfers) may be signed by any one of the Chief Executive Officer, the President, any Vice President, the Treasurer, any Assistant Treasurer or the Controller or in such manner as shall from time to time be determined by resolution of the Board of Directors. Further, the Treasurer is authorized to designate to the Corporation's banks, in writing, individuals employed in the NiSource Corporate Services Company, who need not be officers or employees of the Corporation, to give in the name of the Corporation telephonic, telegraphic, or electronic transfer instructions for the payment of money, which may, with respect to routine items, include instructions as to the amount to be transferred, to any bank, pursuant to previously issued written orders, signed by officers of the Corporation in any manner provided above, which designate the recipients of such amounts and which identify what shall be treated as routine items.

(b) Accounts. Anything in Section (a) of this Article VIII to the contrary notwithstanding, the officers of the Corporation may open in the name of the Corporation special accounts appropriately designated in which shall be deposited funds of the Corporation transferred from the Corporation's other accounts by its checks signed in accordance with the requirements of Section (a) of this Article VIII, but from which special accounts funds may be disbursed by check, draft or other instrument of the Corporation designated as drawn against such special account and signed by the single signature of any one of the executive officers of the Corporation authorized by Section (a) of this Article VIII to sign

checks, drafts and other instruments of the Corporation or signed by the single signature of any other person expressly authorized by the Board of Directors to sign checks, drafts and other instruments disbursing funds from such special accounts.

(c) Evidence of Indebtedness. Anything in Section (a) of this Article VIII to the contrary notwithstanding, (i) bonds, notes, debentures and other evidence of indebtedness of the Corporation issued under an indenture may be executed in the name of the Corporation by the facsimile signature, printed, engraved or otherwise used thereon, of the Chief Executive Officer, the President, any Vice President, the Treasurer or any Assistant Treasurer of the Corporation, and the corporate seal affixed thereto or impressed, printed, engraved or otherwise reproduced thereon may be attested by the facsimile signature of the Secretary or an Assistant Secretary of the Corporation, provided that the indenture requires the same to be authenticated by the trustee under such indenture, and (ii) interest coupons attached to any such bond, note, debenture or other evidence of indebtedness may be executed on behalf of the Corporation by the facsimile signature of the Treasurer or any Assistant Treasurer of the Corporation.

(d) Voting Securities Owned by the Corporation. Powers of attorney, proxies, waivers of notice of meeting, consents and other instruments relating to securities owned by the Corporation may be executed in the name of and on behalf of the Corporation by the Chief Executive Officer or any other officer authorized to do so by the Board of Directors, and any such officer may, in the name of and on behalf of the Corporation, take all such action as any such officer may deem advisable to vote in person or by proxy at any meeting of security holders of any corporation in which the Corporation may own securities and at any such meeting shall possess and may exercise any and all rights and power incident to the ownership of such securities and which, as the owner thereof, the Corporation might have exercised and possessed if present. The Board of Directors may, by resolution, from time to time confer like powers upon any other person or persons.

(e) Interested Directors and Officers. No contract or transaction between the Corporation and one or more of its directors or officers, or between the Corporation and any other corporation, partnership, association or other organization in which one or more of the Corporation's directors or officers are directors or officers or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the Board of Directors or committee thereof that authorizes the contract or transaction, or solely because any such director's or officer's vote is counted for such purpose if: (i) the material facts as to the director's or officer's relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors or the committee and the Board of Directors or committee in good faith authorizes the contract or transaction by the affirmative vote of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; (ii) the material facts as to the director's or officer's relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon and the contract or transaction is specifically approved in good faith by vote of the stockholders; or (iii) the contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified by the Board of Directors, a committee thereof or the stockholders. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee that authorizes the contract or transaction.

ARTICLE IX

FISCAL YEAR

The fiscal year of the Corporation shall begin on the first day of January in each year.

ARTICLE X

AMENDMENT OF BYLAWS

These Bylaws may be amended, added to, rescinded or repealed at any meeting of the Board of Directors or of the stockholders, provided notice of the proposed change was given in the notice of the meeting or, in the case of a meeting of the Board of Directors, in a notice given not less than two days prior to the meeting; provided, however, in order for the Board of Directors to amend, add to, rescind or repeal any provision contained in Section (c), (k), (l), (m), (n), (o) or (p) of Article IV or Section (a) of Article V of these Bylaws or this proviso to this Article X of these Bylaws, the affirmative vote of a majority of the Entire Board shall be required.

NISOURCE INC/DE

FORM 8-K (Current report filing)

Filed 02/18/16 for the Period Ending 02/18/16

Address	801 EAST 86TH AVE MERRILLVILLE, IN 46410-6272
Telephone	2196475200
CIK	0001111711
Symbol	NI
Fiscal Year	12/31

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

**Pursuant To Section 13 OR 15(d) of The
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): February 18, 2016

NiSource Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction
of incorporation or organization)

001-16189

Commission
file number

35-2108964

(I.R.S. Employer
Identification No.)

**801 East 86th Avenue
Merrillville, Indiana**

(Address of principal executive offices)

46410

(Zip Code)

Registrant's telephone number, including area code (877) 647-5990

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions.

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2 (b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4 (c))
-

ITEM 2.02. RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On February 18, 2016, NiSource Inc. (the “Company”) reported its financial results for the year ended December 31, 2015. The Company’s press release, dated February 18, 2016, is attached as Exhibit 99.1.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press Release, dated February 18, 2016, issued by NiSource Inc.

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 hereunto duly authorized.

NiSource Inc.

(Registrant)

Date: February 18, 2016

By:

/s/ Joseph W. Mulpas

Joseph W. Mulpas

Vice President and Chief Accounting Officer

EXHIBIT INDEX

Exhibit Number	Description
99.1	Press Release, dated February 18, 2016, issued by NiSource Inc.



February 18, 2016

FOR ADDITIONAL INFORMATION

Media

Ken Stammen
 Manager, Communications
 (614) 460-5544
 kstammen@nisource.com

Investors

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 Vice President, Investor Relations
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**NiSource reports 2015 earnings
 reflecting sustained growth in a dynamic year**

- Continued focus on creating customer value through well-established infrastructure modernization programs
- 2016 net operating earnings (non-GAAP) per share guidance reaffirmed at \$1.00-\$1.10
- Planned infrastructure investments of approximately \$1.4 billion in 2016

MERRILLVILLE, Ind . - NiSource Inc. (NYSE: NI) today announced net operating earnings (non-GAAP) of \$298.8 million, or \$0.94 per share, for the twelve months ended Dec. 31, 2015, compared to \$256.4 million, or \$0.81 per share, in 2014. Operating earnings (non-GAAP) for the twelve months ended Dec. 31, 2015 were \$832.1 million, compared to \$777.8 million in 2014.

On a GAAP basis, NiSource reported income from continuing operations for the twelve months ended Dec. 31, 2015 of \$198.6 million, or \$0.63 per share, compared with \$256.2 million, or \$0.81 per share, in 2014. Operating income was \$799.9 million for the twelve months ended Dec. 31, 2015, compared with \$789.1 million in 2014. Schedules 1 and 2 of this news release contain a reconciliation of net operating earnings and operating earnings to GAAP net income and operating income, respectively.

For the three months ended Dec. 31, 2015, NiSource's net operating earnings (non-GAAP) were \$99.6 million, or \$0.31 per share, compared with \$79.6 million, or \$0.25 per share, for the same period in 2014. On a GAAP basis, income from continuing operations for the three months ended Dec. 31, 2015 was \$64.4 million, or \$0.20 per share, compared with \$79.5 million, or \$0.25 per share, for the same period in 2014.

As outlined in our third quarter update, on July 1, 2015 NiSource successfully completed the separation of Columbia Pipeline Group Inc. (CPG) (NYSE: CPGX) through a distribution of all of the common stock of CPG held by NiSource to NiSource shareholders. CPG financial results for all periods are classified as discontinued operations.

"2015 was a dynamic year of exciting change and progress for NiSource," said NiSource President and CEO **Joseph Hamrock** . "Our teams executed for our customers through our investment-driven utility business plan while maintaining the commitments outlined throughout the separation of

Columbia Pipeline Group. We finished 2015 continuing to build momentum with an eye toward continued growth and enhanced performance in 2016.”

NiSource invested a record \$1.37 billion across its gas and electric utilities in 2015. Since outlining its \$30 billion in identified long-term regulated utility infrastructure investments, the company has now executed against approximately \$2 billion of those investments. NiSource expects to invest \$1.4 billion in capital during 2016 to continue to modernize and improve its system across all seven states.

Significant NiSource milestones achieved in 2015 included:

- J.D. Power recognizing NiSource utilities for customer satisfaction, with **Columbia Gas of Pennsylvania (CPA)** an award winner for the second straight year, and **Columbia Gas of Virginia (CVA)** named one of the most improved brands in the nation.
- Replacing 361 miles of priority pipe, including removing the last known cast iron pipe from the **CVA** system, and continuing to enhance safety and reliability for customers.
- Completing significant regulatory initiatives that support enhanced safety, reliability, training and customer programs. This includes successful rate settlements in Massachusetts, Pennsylvania and Virginia; extension of CVA’s modernization program; approval of the first year of **Columbia Gas of Massachusetts’ (CMA)** Gas System Enhancement Plan; and continued execution of **Columbia Gas of Ohio’s (COH)** modernization program.
- Completion of the last of three flue gas desulfurization (FGD) units at **Northern Indiana Public Service Co.’s (NIPSCO)** coal-generation facilities, the culmination of \$850 million in investments over approximately five years that have improved air quality and help ensure NIPSCO’s generation fleet remains in compliance with current environmental regulations.
- Full deployment of **automated meter reading (AMR) devices** across our nearly 4 million natural gas and electric customers, completing a six-year project. This new meter technology enhances customer service and safety and reduces costs.

Fourth Quarter 2015 Highlights

During the fourth quarter of 2015, NiSource continued to advance its business plan by executing on its customer focused infrastructure investments and regulatory programs.

Gas Distribution Operations

- On Dec. 3, 2015, the Pennsylvania Public Utility Commission approved a settlement in CPA's base rate case. The settlement maintains CPA's ability to continue replacing and upgrading its natural gas distribution system. The approved rate adjustment went into effect on Dec. 18, 2015 and will increase the company’s annual revenues by approximately \$28 million. The settlement also included new incentives that will significantly reduce costs for customers converting to natural gas.
- On Nov. 1, 2015, CMA implemented new rates under its previously approved base rate case settlement. The settlement supports CMA’s continued effort to modernize its pipeline infrastructure and transform its operations to continue to serve customers safely and reliably. The approved settlement provides for increased annual revenues of \$32.8 million starting Nov. 1, 2015, with an additional \$3.6 million annual increase starting Nov. 1, 2016.
- NIPSCO continued executing on its seven-year, \$817 million natural gas system modernization program. The company filed its semi-annual tracker and program update on

Aug. 31, 2015, and expects an order from the Indiana Utility Regulatory Commission (IURC) in the first quarter of 2016.

Electric Operations

- On Dec. 16, 2015, the IURC approved a settlement between NIPSCO, the Indiana Office of Utility Consumer Counselor and NIPSCO's largest industrial customers which resolved all outstanding issues raised by parties in an Indiana Court of Appeals proceeding related to the company's previous long-term **electric infrastructure modernization plan**.
- On Dec. 31, 2015, NIPSCO filed a **new \$1.3 billion, seven-year electric infrastructure modernization plan** with the IURC. The plan is focused on electric transmission and distribution investments made for safety, reliability, and system modernization. NIPSCO expects an order on its seven-year plan in the third quarter of 2016.
- NIPSCO remains on schedule with its **electric base rate case** filed on Oct. 1, 2015 with the IURC. The case seeks to update rates to reflect the current costs of generating and distributing power, plus ongoing investments which are delivering substantial benefits to customers, including programs that have reduced the duration of power outages by 40 percent. An IURC decision is expected in the third quarter of 2016.
- Progress also continued on **two major electric transmission projects** designed to enhance region-wide system flexibility and reliability. Right-of-way acquisition, permitting and substation construction are under way for both projects. Line and tower construction is expected to begin in 2016. These projects involve an investment of approximately \$450 million for NIPSCO and are anticipated to be in service by the end of 2018.

"Our well-established utility investment programs continued to produce high value for our customers and investors in 2015," Hamrock said. "Now in our first full year as a pure utility company, we're deeply committed to leadership in safety and service to our customers and communities as core drivers of sustained and growing value."

2016 Guidance, Financial & Growth Commitments Reaffirmed

Hamrock reaffirmed that NiSource expects to deliver non-GAAP net operating earnings per share of \$1.00 to \$1.10 in 2016. As outlined above, NiSource also expects to make approximately \$1.4 billion in planned infrastructure enhancement investments during the year. This 2016 earnings and investment guidance provides the starting point for NiSource's long-term annual earnings per share and dividend growth projections of 4-6 percent annually.

NiSource remains committed to maintaining solid, investment grade credit ratings. Standard & Poor's rates NiSource at BBB+, Moody's rates NiSource at Baa2, and Fitch rates NiSource at BBB- with a positive outlook. As of Dec. 31, 2015, NiSource maintained \$1.2 billion in net available liquidity, consisting of cash and available capacity under credit facilities.

Full-Year 2015 Operating Earnings - Segment Results (non-GAAP)

NiSource's consolidated operating earnings (non-GAAP) for the year ended Dec. 31, 2015, were \$832.1 million, compared to \$777.8 million for the same period in 2014. Refer to Schedule 2 for the items included in 2015 and 2014 GAAP operating income but excluded from operating earnings.

Operating earnings for NiSource's business segments for the year ended Dec. 31, 2015, are discussed below.

Gas Distribution Operations reported operating earnings of \$567.8 million for the year ended Dec. 31, 2015, compared with operating earnings of \$517.4 million for the prior year period. Net revenues, excluding the impact of trackers, increased by \$105.5 million primarily attributable to an increase in regulatory and service programs, including the impact of new rates at CPA, CMA and CVA and the implementation of rates under COH's approved infrastructure replacement program.

Operating expenses, excluding the impact of trackers, increased by \$55.1 million due primarily to higher employee and administrative costs, increased depreciation and higher property taxes. Additionally, 2015 included increased outside service costs and higher environmental expenses.

Electric Operations reported operating earnings of \$279.5 million for the year ended Dec. 31, 2015, compared with operating earnings of \$287.7 million for the prior year period. Net revenues, excluding the impact of trackers, increased by \$1.8 million from the comparable 2014 period.

Operating expenses, excluding the impact of trackers, increased by \$10.0 million due primarily to increased depreciation due to higher capital expenditures placed in service.

Corporate and Other Operations reported an operating earnings loss of \$15.2 million for the year ended Dec. 31, 2015, compared to an operating earnings loss of \$27.3 million for the comparable prior period. The change is primarily attributable to lower corporate insurance costs in 2015.

Other Income (Deductions)

Interest expense in 2015 increased by \$0.7 million compared to the prior year period.

Other, net reflected income of \$17.4 million compared to income of \$13.4 million in 2014.

The effective tax rate of net operating earnings was 36.3 percent compared to 37.7 percent for the same period last year.

Fourth Quarter 2015 Operating Earnings - Segment Results (non-GAAP)

NiSource's consolidated operating earnings (non-GAAP) for the three months ended Dec. 31, 2015, were \$248.9 million, compared to \$227.1 million for the same period in 2014. Refer to Schedule 2 for the items included in 2015 and 2014 GAAP operating income but excluded from operating earnings.

Operating earnings for NiSource's business segments for the three months ended Dec. 31, 2015, are discussed below.

Gas Distribution Operations reported operating earnings of \$184.8 million for the three months ended Dec. 31, 2015, compared with operating earnings of \$173.8 million for the prior year period. Net revenues, excluding the impact of trackers, increased by \$26.9 million primarily attributable to increases in regulatory and service programs, including the impact of new rates at CPA and CMA, as well as the implementation of rates under COH's approved infrastructure replacement program.

Operating expenses, excluding the impact of trackers, increased by \$15.9 million due primarily to increased environmental expenses and higher depreciation. Additionally, 2015 included increased employee and administrative costs.

Electric Operations reported operating earnings of \$54.1 million for the three months ended Dec. 31, 2015, compared with operating earnings of \$63.5 million for the prior year period. Net revenues, excluding the impact of trackers, increased by \$4.6 million primarily due to increased environmental investment cost recovery and higher revenues resulting from two electric transmission projects.

Operating expenses, excluding the impact of trackers, increased by \$14.0 million due primarily to higher outside service costs, increased depreciation and higher other taxes.

Corporate and Other Operations reported operating earnings of \$10.0 million for the three months ended Dec. 31, 2015, compared to an operating earnings loss of \$10.2 million for the comparable prior period. The change is primarily due to decreased employee and administrative costs and lower corporate insurance costs in 2015.

Other Income (Deductions)

Interest expense increased by \$2.2 million in the last quarter of 2015 compared to the prior year period.

Other, net reflected income of \$5.8 million compared to no income or loss in 2014.

The effective tax rate of net operating earnings was 37.9 percent compared to 41.0 percent for the same period last year. The change in the effective tax rate was primarily due to state apportionment changes and permanent items as the result of re-measurement following the separation of CPG.

Regulation G Disclosure Statement

This press release includes financial results and guidance for NiSource with respect to net operating earnings and operating earnings, which are non-GAAP financial measures as defined by the SEC's Regulation G. The company includes such measures because management believes they permit investors to view the company's performance using the same tools that management uses and to better evaluate the Company's ongoing business performance. With respect to such guidance, it should be noted that there will likely be differences between such measures and GAAP equivalents due to various factors, including, but not limited to, fluctuations in weather, environmental laws, the impact of asset sales, separation-related costs, and certain income tax items. NiSource is not able to estimate the impact of such factors on GAAP earnings and, as such, is not providing earnings guidance on a GAAP basis.

About NiSource

NiSource Inc. (NYSE: NI) is one of the largest fully-regulated utility companies in the United States, serving approximately 3.5 million natural gas customers and 500,000 electric customers across seven states through its local Columbia Gas and NIPSCO brands. Based in Merrillville, Indiana, NiSource's more than 7,000 employees are focused on safely delivering reliable and affordable energy to our customers and communities we serve. NiSource has been designated a World's Most Ethical Company by the Ethisphere Institute since 2012 and is a member of the Dow Jones Sustainability - North America Index. Additional information about NiSource, its investments in modern infrastructure and systems, its commitments and its local brands can be found at

www.nisource.com. NI-F

Forward-Looking Statements

This news release contains forward-looking statements within the meaning of federal securities laws. These forward-looking statements are subject to various risks and uncertainties. Examples of forward-looking statements in this release include statements and expectations regarding NiSource's business, performance, infrastructure investments and growth. Factors that could cause actual results to differ materially from the projections, forecasts, estimates and expectations discussed in this release include, but are not limited to, NiSource's debt obligations; any changes in NiSource's credit rating; NiSource's ability to execute its growth strategy; changes in general economic, capital and commodity market conditions; pension funding obligations; economic regulation and the impact of regulatory rate reviews; compliance with environmental laws and the costs of associated liabilities; fluctuations in demand from residential and commercial customers; economic conditions of certain industries; the price of energy commodities and related transportation costs; the reliability of customers and suppliers to fulfill their payment and contractual obligations; potential impairments of goodwill or definite-lived intangible assets; changes in taxation and accounting principles; potential incidents and other operating risks associated with our business; the impact of an aging infrastructure; the impact of climate change; potential cyber-

attacks; risks associated with construction and natural gas cost and supply; extreme weather conditions; the ability of subsidiaries to generate cash; uncertainties related to the expected benefits of the separation of CPG and other matters set forth in the "Risk Factors" section of NiSource's Annual Report on Form 10-K and in other filings with the Securities and Exchange Commission. NiSource expressly disclaims any duty to update, supplement or amend any of its forward-looking statements contained in this release, whether as a result of new information, subsequent events or otherwise, except as required by applicable law.

NiSource Inc.
Consolidated Net Operating Earnings (Non-GAAP)
(unaudited)

<i>(in millions, except per share amounts)</i>	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2015	2014	2015	2014
Net Revenues				
Gas Distribution	\$ 510.3	\$ 718.3	\$ 2,093.1	\$ 2,578.4
Gas Transportation	229.9	276.8	969.8	987.2
Electric	377.4	392.1	1,577.3	1,677.1
Other	7.3	4.8	27.2	15.2
Gross Revenues	1,124.9	1,392.0	4,667.4	5,257.9
Cost of Sales (excluding depreciation and amortization)	336.4	603.3	1,643.7	2,372.7
Total Net Revenues	788.5	788.7	3,023.7	2,885.2
Operating Expenses				
Operation and maintenance	316.9	312.3	1,230.9	1,206.2
Operation and maintenance - trackers	30.4	64.5	180.2	161.1
Depreciation and amortization	128.5	122.6	508.6	483.8
Depreciation and amortization - trackers	4.9	1.2	15.8	3.1
Other taxes	43.2	40.3	186.9	179.3
Other taxes - trackers	15.7	20.7	69.2	73.9
Total Operating Expenses	539.6	561.6	2,191.6	2,107.4
Operating Earnings	248.9	227.1	832.1	777.8
Other Income (Deductions)				
Interest expense, net	(94.3)	(92.1)	(380.2)	(379.5)
Other, net	5.8	—	17.4	13.4
Total Other Deductions	(88.5)	(92.1)	(362.8)	(366.1)
Operating Earnings From Continuing Operations				
Before Income Taxes	160.4	135.0	469.3	411.7
Income Taxes	60.8	55.4	170.5	155.3
Net Operating Earnings from Continuing Operations	99.6	79.6	298.8	256.4
GAAP Adjustment	(35.2)	(0.1)	(100.2)	(0.2)
GAAP Income from Continuing Operations	\$ 64.4	\$ 79.5	\$ 198.6	\$ 256.2
Basic Net Operating Earnings Per Share from Continuing Operations	\$ 0.31	\$ 0.25	\$ 0.94	\$ 0.81
GAAP Basic Earnings Per Share from Continuing Operations	\$ 0.20	\$ 0.25	\$ 0.63	\$ 0.81
Basic Average Common Shares Outstanding	318.8	315.8	317.7	315.1

NiSource Inc.
Segment Operating Earnings (Non-GAAP)
(unaudited)

Gas Distribution Operations <i>(in millions)</i>	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2015	2014	2015	2014
Net Revenues				
Sales revenues	\$ 743.3	\$ 999.0	\$ 3,080.3	\$ 3,574.5
Less: Cost of gas sold	225.6	467.9	1,155.5	1,762.7
Net Revenues	517.7	531.1	1,924.8	1,811.8
Operating Expenses				
Operation and maintenance	208.2	197.7	796.4	763.6
Operation and maintenance - trackers	22.9	58.2	148.9	136.7
Depreciation and amortization	59.8	55.9	232.6	217.6
Other taxes	26.3	24.8	109.9	102.6
Other taxes - trackers	15.7	20.7	69.2	73.9
Total Operating Expenses	332.9	357.3	1,357.0	1,294.4
Operating Earnings	\$ 184.8	\$ 173.8	\$ 567.8	\$ 517.4
GAAP Adjustment	(23.9)	0.8	(12.0)	19.6
GAAP Operating Income	\$ 160.9	\$ 174.6	\$ 555.8	\$ 537.0

Electric Operations <i>(in millions)</i>	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2015	2014	2015	2014
Net Revenues				
Sales revenues	\$ 377.5	\$ 392.4	\$ 1,578.8	\$ 1,678.5
Less: Cost of sales	110.9	135.5	488.4	609.7
Net Revenues	266.6	256.9	1,090.4	1,068.8
Operating Expenses				
Operation and maintenance	122.2	113.4	448.1	450.5
Operation and maintenance - trackers	7.5	6.3	31.3	24.4
Depreciation and amortization	63.5	60.3	251.9	241.3
Depreciation and amortization - trackers	4.9	1.2	15.8	3.1
Other taxes	14.4	12.2	63.8	61.8
Total Operating Expenses	212.5	193.4	810.9	781.1
Operating Earnings	\$ 54.1	\$ 63.5	\$ 279.5	\$ 287.7
GAAP Adjustment	(3.9)	0.5	(15.1)	(5.0)
GAAP Operating Income	\$ 50.2	\$ 64.0	\$ 264.4	\$ 282.7

Corporate and Other Operations <i>(in millions)</i>	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2015	2014	2015	2014
Operating Earnings (Loss)	\$ 10.0	\$ (10.2)	\$ (15.2)	\$ (27.3)
GAAP Adjustment	(1.6)	(1.5)	(5.1)	(3.3)
GAAP Operating Earnings (Loss)	\$ 8.4	\$ (11.7)	\$ (20.3)	\$ (30.6)

NiSource Inc.
Segment Volumes and Statistical Data

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2015	2014	2015	2014
Gas Distribution Operations				
Sales and Transportation (MMDth)				
Residential	64.0	88.3	262.0	295.2
Commercial	41.3	54.6	171.5	189.6
Industrial	124.9	128.2	522.7	512.9
Off System	8.0	9.3	32.7	44.9
Other	1.7	—	(0.2)	(0.1)
Total	239.9	280.4	988.7	1,042.5
Weather Adjustment	36.5	(2.6)	8.2	(36.4)
Sales and Transportation Volumes - Excluding Weather	276.4	277.8	996.9	1,006.1

Heating Degree Days	1,523	2,084	5,459	6,176
Normal Heating Degree Days	2,034	2,034	5,610	5,610
% Colder (Warmer) than Normal	(25)%	2%	(3)%	10 %

Customers				
Residential			3,113,324	3,098,052
Commercial			283,357	282,749
Industrial			7,578	7,637
Other			13	15
Total			3,404,272	3,388,453

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2015	2014	2015	2014
Electric Operations				
Sales (Gigawatt Hours)				
Residential	725.3	779.6	3,309.9	3,384.2
Commercial	931.0	932.2	3,866.8	3,864.2
Industrial	2,258.4	2,546.6	9,249.1	10,114.2
Wholesale	—	190.2	194.8	675.5
Other	32.5	43.5	137.7	148.2
Total	3,947.2	4,492.1	16,758.3	18,186.3
Weather Adjustment	45.3	(7.0)	64.7	72.3
Sales Volumes - Excluding Weather	3,992.5	4,485.1	16,823.0	18,258.6

Cooling Degree Days			762	663
Normal Cooling Degree Days			806	806
% Colder than Normal			(5)%	(18)%

Electric Customers				
Residential			404,889	403,272
Commercial			55,053	54,635
Industrial			2,343	2,352
Wholesale			743	751
Other			6	5
Total			463,034	461,015

NiSource Inc.
Schedule 1 – Reconciliation of Net Operating Earnings to GAAP

<i>(in millions, except per share amounts)</i>	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2015	2014	2015	2014
Net Operating Earnings from Continuing Operations	\$ 99.6	\$ 79.6	\$ 298.8	\$ 256.4
Items excluded from operating earnings				
Net Revenues:				
Weather - compared to normal	(27.1)	1.3	(15.6)	14.3
Operating Expenses:				
Environmental costs	(0.7)	—	(10.7)	—
Transaction costs	(1.2)	—	(4.3)	—
Loss on sale of assets	(0.4)	(1.5)	(1.6)	(3.0)
Total items excluded from operating earnings	(29.4)	(0.2)	(32.2)	11.3
Other Deductions:				
Loss on early extinguishment of long-term debt	—	—	(97.2)	—
Income taxes - discrete items	(14.5)	—	(17.8)	(7.4)
Tax effect of above items	8.7	0.1	47.0	(4.1)
Total items excluded from net operating earnings	(35.2)	(0.1)	(100.2)	(0.2)
GAAP Income from Continuing Operations	\$ 64.4	\$ 79.5	\$ 198.6	\$ 256.2
Basic Average Common Shares Outstanding	318.8	315.8	317.7	315.1
Basic Net Operating Earnings Per Share from Continuing Operations	\$ 0.31	\$ 0.25	\$ 0.94	\$ 0.81
Items excluded from net operating earnings (after-tax)	(0.11)	—	(0.31)	—
GAAP Basic Earnings Per Share from Continuing Operations	\$ 0.20	\$ 0.25	\$ 0.63	\$ 0.81

NiSource Inc.
Schedule 2 – Adjustments by Segment from Operating Earnings to GAAP
For the Quarter ended December 31,

2015 (in millions)	Gas Distribution	Electric	Corporate & Other	Total
Operating Earnings	\$ 184.8	\$ 54.1	\$ 10.0	\$ 248.9
Net Revenues:				
Weather - compared to normal	(23.9)	(3.2)	—	(27.1)
Total Impact - Net Revenues	(23.9)	(3.2)	—	(27.1)
Operating Expenses:				
Environmental costs	—	(0.7)	—	(0.7)
Transaction costs	—	—	(1.2)	(1.2)
Loss on sale of assets	—	—	(0.4)	(0.4)
Total Impact - Operating Expenses	—	(0.7)	(1.6)	(2.3)
Total Impact - Operating Loss	\$ (23.9)	\$ (3.9)	\$ (1.6)	\$ (29.4)
Operating Income - GAAP	\$ 160.9	\$ 50.2	\$ 8.4	\$ 219.5

2014 (in millions)	Gas Distribution	Electric	Corporate & Other	Total
Operating Earnings (Loss)	\$ 173.8	\$ 63.5	\$ (10.2)	\$ 227.1
Net Revenues:				
Weather - compared to normal	0.8	0.5	—	1.3
Total Impact - Net Revenues	0.8	0.5	—	1.3
Operating Expenses:				
Loss on sale of assets	—	—	(1.5)	(1.5)
Total Impact - Operating Expenses	—	—	(1.5)	(1.5)
Total Impact - Operating Income (Loss)	\$ 0.8	\$ 0.5	\$ (1.5)	\$ (0.2)
Operating Income (Loss) - GAAP	\$ 174.6	\$ 64.0	\$ (11.7)	\$ 226.9

NiSource Inc.
Schedule 2 – Adjustments by Segment from Operating Earnings to GAAP
For the Twelve Months ended December 31,

2015 (in millions)	Gas Distribution	Electric	Corporate & Other	Total
Operating Earnings (Loss)	\$ 567.8	\$ 279.5	\$ (15.2)	\$ 832.1
Net Revenues:				
Weather - compared to normal	(11.2)	(4.4)	—	(15.6)
Total Impact - Net Revenues	(11.2)	(4.4)	—	(15.6)
Operating Expenses:				
Environmental costs	—	(10.7)	—	(10.7)
Transaction costs	—	—	(4.3)	(4.3)
Loss on sale of assets	(0.8)	—	(0.8)	(1.6)
Total Impact - Operating Expenses	(0.8)	(10.7)	(5.1)	(16.6)
Total Impact - Operating Loss	\$ (12.0)	\$ (15.1)	\$ (5.1)	\$ (32.2)
Operating Income (Loss) - GAAP	\$ 555.8	\$ 264.4	\$ (20.3)	\$ 799.9

2014 (in millions)	Gas Distribution	Electric	Corporate & Other	Total
Operating Earnings (Loss)	\$ 517.4	\$ 287.7	\$ (27.3)	\$ 777.8
Net Revenues:				
Weather - compared to normal	19.4	(5.1)	—	14.3
Total Impact - Net Revenues	19.4	(5.1)	—	14.3
Operating Expenses:				
Gain (Loss) on sale of assets	0.2	0.1	(3.3)	(3.0)
Total Impact - Operating Expenses	0.2	0.1	(3.3)	(3.0)
Total Impact - Operating Income (Loss)	\$ 19.6	\$ (5.0)	\$ (3.3)	\$ 11.3
Operating Income (Loss) - GAAP	\$ 537.0	\$ 282.7	\$ (30.6)	\$ 789.1

NiSource Inc.
Consolidated Income Statements (GAAP)
(unaudited)

<i>(in millions, except per share amounts)</i>	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2015	2014	2015	2014
Net Revenues				
Gas Distribution	\$ 486.4	\$ 719.0	\$ 2,081.9	\$ 2,597.8
Gas Transportation	229.9	276.9	969.8	987.4
Electric	374.2	392.6	1,572.9	1,672.0
Other	7.3	4.8	27.2	15.2
Gross Revenues	1,097.8	1,393.3	4,651.8	5,272.4
Cost of Sales (excluding depreciation and amortization)	336.4	603.3	1,643.7	2,372.9
Total Net Revenues	761.4	790.0	3,008.1	2,899.5
Operating Expenses				
Operation and maintenance	349.2	376.8	1,426.1	1,367.3
Depreciation and amortization	133.4	123.8	524.4	486.9
Loss on sale of assets and impairments, net	0.4	1.5	1.6	3.0
Other taxes	58.9	61.0	256.1	253.2
Total Operating Expenses	541.9	563.1	2,208.2	2,110.4
Operating Income	219.5	226.9	799.9	789.1
Other Income (Deductions)				
Interest expense, net	(94.3)	(92.1)	(380.2)	(379.5)
Other, net	5.8	—	17.4	13.4
Loss on early extinguishment of long-term debt	—	—	(97.2)	—
Total Other Deductions	(88.5)	(92.1)	(460.0)	(366.1)
Income from Continuing Operations before Income Taxes	131.0	134.8	339.9	423.0
Income Taxes	66.6	55.3	141.3	166.8
Income from Continuing Operations	64.4	79.5	198.6	256.2
Income (loss) from Discontinued Operations - net of taxes	(5.0)	74.7	103.5	273.8
Net Income	59.4	154.2	302.1	530.0
Less: Net income attributable to noncontrolling interest	—	—	15.6	—
Net Income attributable to NiSource	\$ 59.4	\$ 154.2	\$ 286.5	\$ 530.0
Amounts attributable to NiSource:				
Income from continuing operations	\$ 64.4	\$ 79.5	\$ 198.6	\$ 256.2
Income (loss) from discontinued operations	(5.0)	74.7	87.9	273.8
Net Income attributable to NiSource	\$ 59.4	\$ 154.2	\$ 286.5	\$ 530.0
Basic Earnings (Loss) Per Share				
Continuing operations	\$ 0.20	\$ 0.25	\$ 0.63	\$ 0.81
Discontinued operations	(0.01)	0.24	0.27	0.87
Basic Earnings Per Share	\$ 0.19	\$ 0.49	\$ 0.90	\$ 1.68
Diluted Earnings (Loss) Per Share				
Continuing operations	\$ 0.20	\$ 0.25	\$ 0.63	\$ 0.81
Discontinued operations	(0.01)	0.24	0.27	0.86
Diluted Earnings Per Share	\$ 0.19	\$ 0.49	\$ 0.90	\$ 1.67
Basic Average Common Shares Outstanding	318.8	315.8	317.7	315.1
Diluted Average Common Shares	321.1	317.5	319.8	316.6

NiSource Inc.
Consolidated Balance Sheets (GAAP)
(unaudited)

<i>(in millions)</i>	December 31, 2015	December 31, 2014
ASSETS		
Property, Plant and Equipment		
Utility plant	\$ 18,946.9	\$ 17,668.4
Accumulated depreciation and amortization	(6,853.4)	(6,629.5)
Net utility plant	12,093.5	11,038.9
Other property, at cost, less accumulated depreciation	18.0	18.5
Net Property, Plant and Equipment	12,111.5	11,057.4
Investments and Other Assets		
Unconsolidated affiliates	6.9	8.3
Other investments	187.7	204.8
Total Investments and Other Assets	194.6	213.1
Current Assets		
Cash and cash equivalents	15.5	24.9
Restricted cash	29.7	24.9
Accounts receivable (less reserve of \$20.3 and \$24.9, respectively)	660.0	920.8
Gas inventory	343.5	440.3
Underrecovered gas costs	34.8	32.0
Materials and supplies, at average cost	86.8	81.1
Electric production fuel, at average cost	106.3	64.8
Exchange gas receivable	21.0	28.3
Assets of discontinued operations	—	283.4
Regulatory assets	172.1	187.4
Prepayments and other	107.5	106.5
Total Current Assets	1,577.2	2,194.4
Other Assets		
Regulatory assets	1,599.8	1,544.5
Goodwill	1,690.7	1,690.7
Intangible assets	253.7	264.7
Assets of discontinued operations	—	7,546.0
Deferred charges and other	65.0	79.0
Total Other Assets	3,609.2	11,124.9
Total Assets	\$ 17,492.5	\$ 24,589.8

NiSource Inc.
Consolidated Balance Sheets (GAAP) (continued)
(unaudited)

<i>(in millions, except share amounts)</i>	December 31, 2015	December 31, 2014
CAPITALIZATION AND LIABILITIES		
Capitalization		
Common Stockholders' Equity		
Common stock - \$0.01 par value, 400,000,000 shares authorized; 319,110,083 and 316,037,421 shares outstanding, respectively	\$ 3.2	\$ 3.2
Additional paid-in capital	5,078.0	4,787.6
Retained earnings (deficit)	(1,123.3)	1,494.0
Accumulated other comprehensive loss	(35.1)	(50.6)
Treasury stock	(79.3)	(58.9)
Total Common Stockholders' Equity	3,843.5	6,175.3
Long-term debt, excluding amounts due within one year	5,948.5	8,151.5
Total Capitalization	9,792.0	14,326.8
Current Liabilities		
Current portion of long-term debt	433.7	266.6
Short-term borrowings	567.4	1,576.9
Accounts payable	433.4	610.1
Customer deposits and credits	316.3	280.9
Taxes accrued	183.5	169.2
Interest accrued	129.0	140.7
Overrecovered gas and fuel costs	148.1	45.6
Exchange gas payable	62.3	101.5
Deferred revenue	6.6	3.4
Regulatory liabilities	83.3	61.1
Accrued liability for postretirement and postemployment benefits	4.9	5.3
Liabilities of discontinued operations	0.3	369.0
Legal and environmental	37.6	22.7
Accrued compensation and employee benefits	136.4	166.8
Other accruals	114.7	144.5
Total Current Liabilities	2,657.5	3,964.3
Other Liabilities and Deferred Credits		
Deferred income taxes	2,365.3	2,165.8
Deferred investment tax credits	14.8	17.1
Deferred credits	90.7	100.9
Accrued liability for postretirement and postemployment benefits	759.7	733.9
Liabilities of discontinued operations	—	1,558.4
Regulatory liabilities	1,350.4	1,379.6
Asset retirement obligations	254.0	136.2
Other noncurrent liabilities	208.1	206.8
Total Other Liabilities and Deferred Credits	5,043.0	6,298.7
Commitments and Contingencies		
	—	—
Total Capitalization and Liabilities	\$ 17,492.5	\$ 24,589.8

NiSource Inc.
Statements of Consolidated Cash Flows (GAAP)
(unaudited)

Year Ended December 31, <i>(in millions)</i>	2015	2014
Operating Activities		
Net Income	\$ 302.1	\$ 530.0
Adjustments to Reconcile Net Income to Net Cash from Continuing Operations:		
Loss on early extinguishment of debt	97.2	—
Depreciation and amortization	524.4	486.9
Net changes in price risk management assets and liabilities	3.7	2.6
Deferred income taxes and investment tax credits	135.3	161.4
Deferred revenue	7.2	(0.1)
Stock compensation expense and 401(k) profit sharing contribution	50.7	66.0
Loss on sale of assets and impairment, net	1.6	3.0
Income (loss) from unconsolidated affiliates	0.6	0.8
Income from discontinued operations - net of taxes	(103.5)	(273.8)
Amortization of discount/premium on debt	8.7	10.0
AFUDC equity	(11.5)	(10.7)
Changes in Assets and Liabilities		
Accounts receivable	262.2	(42.8)
Income tax receivable	(0.6)	2.3
Inventories	46.9	(115.9)
Accounts payable	(190.5)	29.9
Customer deposits and credits	35.5	29.8
Taxes accrued	8.7	4.5
Interest accrued	(11.6)	4.3
Overrecovered gas and fuel costs	99.6	27.9
Exchange gas receivable/payable	(31.7)	(43.9)
Other accruals	(55.1)	4.4
Prepayments and other current assets	0.7	(4.5)
Regulatory assets/liabilities	(17.6)	(255.6)
Postretirement and postemployment benefits	25.6	136.0
Deferred credits	(10.1)	9.1
Deferred charges and other noncurrent assets	5.2	3.9
Other noncurrent liabilities	(20.3)	(4.3)
Net Operating Activities from Continuing Operations	1,163.4	761.2
Net Operating Activities from Discontinued Operations	293.4	558.4
Net Cash Flows from Operating Activities	1,456.8	1,319.6
Investing Activities		
Capital expenditures	(1,360.7)	(1,282.5)
Proceeds from disposition of assets	4.5	4.7
Restricted cash withdrawals (deposits)	(4.8)	(17.1)
Cash contributions from CPG	3,798.2	—
Other investing activities	(62.2)	(18.6)
Net Investing Activities from (used for) Continuing Operations	2,375.0	(1,313.5)
Net Investing Activities used for Discontinued Operations	(430.1)	(803.1)
Net Cash Flows from (used for) Investing Activities	1,944.9	(2,116.6)
Financing Activities		
Cash of CPG at Separation	(136.8)	—
Issuance of long-term debt	—	748.4
Repayments of long-term debt and capital lease obligations	(2,092.2)	(521.0)
Premiums and other debt related costs	(93.5)	(8.7)
Change in short-term borrowings, net	(936.4)	878.1

Issuance of common stock	22.5	30.3
Acquisition of treasury stock	(20.4)	(10.2)
Dividends paid - common stock	(263.4)	(321.3)
Net Financing Activities from (used for) Continuing Operations	(3,520.2)	795.6
Net Financing Activities from Discontinued Operations	108.6	—
Net Cash Flows from (used for) Financing Activities	(3,411.6)	795.6
Change in cash and cash equivalents from continuing operations	18.2	243.3
Change in cash and cash equivalents used for discontinued operations	(28.1)	(244.7)
Change in cash included in discontinued operations	0.5	(0.2)
Cash and cash equivalents at beginning of period	24.9	26.5
Cash and Cash Equivalents at End of Period	\$ 15.5	\$ 24.9

NISOURCE INC/DE

FORM 8-K (Current report filing)

Filed 03/24/16 for the Period Ending 03/22/16

Address	801 EAST 86TH AVE MERRILLVILLE, IN 46410-6272
Telephone	2196475200
CIK	0001111711
Symbol	NI
Fiscal Year	12/31

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

**Pursuant To Section 13 OR 15(d) of The
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): March 22, 2016

NiSource Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction
of incorporation or organization)

001-16189

Commission
file number

35-2108964

(I.R.S. Employer
Identification No.)

**801 East 86th Avenue
Merrillville, Indiana**

(Address of principal executive offices)

46410

(Zip Code)

Registrant's telephone number, including area code (877) 647-5990

Not Applicable

(Former Name or Former Address, if Changed Since
Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions.

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2 (b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4 (c))
-

ITEM 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On March 22, 2016, the Board of Directors of NiSource Inc. (“NiSource”) appointed Wayne S. DeVeydt as a director of NiSource for a term continuing until the 2016 annual meeting of the stockholders and until his successor has been duly elected or appointed and qualified. There is no arrangement or understanding between Mr. DeVeydt and any other person pursuant to which he was selected as a director of NiSource. Mr. DeVeydt does not have any direct or indirect material interest in any transaction or proposed transaction involving NiSource required to be reported under Item 404(a) of Regulation S-K. As of the date hereof, the Board of Directors has not determined any committee appointments for Mr. DeVeydt.

Consistent with NiSource’s compensation practices for non-employee directors, Mr. DeVeydt will receive an annual retainer of \$210,000, consisting of \$90,000 in cash and an award of restricted stock units valued at \$120,000 at the time of the award.

On March 24, 2016, NiSource issued a press release announcing the appointment of Mr. DeVeydt as a director of the company. A copy of that press release is filed as an exhibit to this report and is incorporated herein by reference.

ITEM 9.01 Financial Statements and Exhibits.

(d) Exhibits:

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press Release issued on March 24, 2016 by NiSource Inc.

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 hereunto duly authorized.

NISOURCE INC.

March 24, 2016

By: /s/ Carrie J. Hightman

Carrie J. Hightman

Executive Vice President and Chief Legal Officer

EXHIBIT INDEX

ITEM 9.01 Financial Statements and Exhibits.

(d) Exhibits:

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press Release issued on March 24, 2016 by NiSource Inc.



March 24, 2016

FOR ADDITIONAL INFORMATION

<p><u>Media</u> Ken Stammen Manager, Communications (614) 460-5544 kstammen@nisource.com</p>	<p><u>Investors</u> Randy Hulén Vice President, Investor Relations (219) 647-5688 rghulen@nisource.com</p>
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Wayne S. DeVeydt to Join NiSource Board of Directors

MERRILLVILLE, Ind . - NiSource Inc. (NYSE: NI) today announced that on March 22, 2016 its Board of Directors elected Wayne S. DeVeydt to the Board.

DeVeydt currently serves as executive vice president and chief financial officer at Indiana-based Anthem, Inc., a position he's held since 2007. Prior to his role as Anthem's CFO, he served as senior vice president and chief accounting officer at Anthem and before that was a partner at PricewaterhouseCoopers LLP.

"Wayne brings a strong complement of financial and leadership acumen to our already-experienced Board of Directors," said NiSource Board Chairman **Richard L. Thompson** . "Wayne's experience in a regulated industry, including significant experience in capital markets, corporate governance, risk management and strategic planning will be a great asset as NiSource executes on its robust long-term utility investment programs that continue to deliver enhanced value for customers and shareholders."

DeVeydt is a board member of the U.S. Chamber of Commerce and the Cancer Support Community, Central Indiana. He is also a member of the Boys & Girls Clubs of America Board of Governors. He previously served as a board member for the YMCA of Greater Indianapolis and The Children's Museum of Indianapolis.

DeVeydt received a bachelor's degree in accounting from the University of Missouri in St. Louis.

As part of NiSource's commitment to contemporary governance practices, shareholders elect members of the NiSource Board of Directors for one-year terms at the company's annual shareholders meeting. All current directors, including DeVeydt, will be up for re-election at this year's NiSource annual shareholders meeting.

About NiSource

NiSource Inc. (NYSE: NI) is one of the largest fully-regulated utility companies in the United States, serving approximately 3.5 million natural gas customers and 500,000 electric customers across seven states through its local Columbia Gas and NIPSCO brands. Based in Merrillville, Indiana, NiSource's more than 7,500 employees are focused on safely delivering reliable and affordable energy to our customers and communities we serve. NiSource has been designated a World's Most Ethical Company by the Ethisphere Institute since 2012 and is a member of the Dow Jones Sustainability - North America Index. Additional information about NiSource, its investments in modern infrastructure and systems, its

commitments and its local brands can be found at www.nisource.com. Follow us at www.facebook.com/nisource, www.linkedin.com/company/nisource or www.twitter.com/nisourceinc. NI-F

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NISOURCE INC/DE

FORM 8-K (Current report filing)

Filed 03/31/16 for the Period Ending 03/31/16

Address	801 EAST 86TH AVE MERRILLVILLE, IN 46410-6272
Telephone	2196475200
CIK	0001111711
Symbol	NI
Fiscal Year	12/31

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

**Pursuant To Section 13 OR 15(d) of The
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): March 31, 2016

NiSource Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction
of incorporation or organization)

001-16189

Commission
file number

35-2108964

(I.R.S. Employer
Identification No.)

**801 East 86th Avenue
Merrillville, Indiana**

(Address of principal executive offices)

46410

(Zip Code)

Registrant's telephone number, including area code (877) 647-5990

Not Applicable

(Former Name or Former Address, if Changed Since
Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions.

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2 (b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4 (c))
-

ITEM 1.01 Entry into a Material Definitive Agreement

On March 31, 2016, NiSource Finance Corp. (“NiSource Finance”), as borrower, and NiSource Inc. (the “Company”), as guarantor, entered into a \$500 million Term Loan Agreement (the “Agreement”) with the lenders party thereto, PNC Bank, National Association, as Administrative Agent, JPMorgan Chase Bank, N.A., as Syndication Agent, and Mizuho Bank, Ltd., as Documentation Agent. Under the Agreement, NiSource Finance may borrow up to \$500 million at any time or from time to time before September 30, 2016. The term loans mature March 31, 2019 and bear interest at the option of the Company at:

- a rate equal to (A) the Alternate Base Rate (which is a floating rate equal to the highest of (i) the prime rate of interest announced by the Administrative Agent from time to time, (ii) the Federal Funds Effective Rate in effect from time to time + 0.50% and (iii) the one-month LIBO rate + 1.0%) plus (B) an applicable margin (which applicable margin is currently 0 basis points, based on the Company’s current ratings), or
- a rate equal to (A) the 1, 2, 3 or 6-month LIBO rate plus (B) an applicable margin (which applicable margin is currently 95 basis points, based on the Company’s current ratings).

Until September 30, 2016, NiSource Finance will also pay an unused fee of 17.5 basis points (based on the Company’s current ratings) on any portion of the \$500 million commitment that is not borrowed.

The Agreement includes one financial covenant, a maximum debt-to-capitalization covenant set at 70%, which is consistent with NiSource Finance’s existing \$1.5 billion Third Amended and Restated Revolving Credit Agreement.

ITEM 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant

The information set forth under Item 1.01 of this Current Report on Form 8-K is incorporated by reference herein.

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 hereunto duly authorized.

NiSource Inc.

(Registrant)

March 31, 2016

By: /s/ Donald E. Brown

Donald E. Brown

Executive Vice President, Chief Financial Officer and Treasurer

NISOURCE INC/DE

FORM 10-Q (Quarterly Report)

Filed 04/30/14 for the Period Ending 03/31/14

Address	801 EAST 86TH AVE MERRILLVILLE, IN 46410-6272
Telephone	2196475200
CIK	0001111711
Symbol	NI
Fiscal Year	12/31

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2014

or

- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number 001-16189

NiSource Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

35-2108964

(I.R.S. Employer
Identification No.)

801 East 86th Avenue
Merrillville, Indiana

(Address of principal executive offices)

46410

(Zip Code)

(877) 647-5990

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files.)

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company.

Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: Common Stock, \$0.01 Par Value: 314,876,852 shares outstanding at April 24, 2014.

NISOURCE INC.
FORM 10-Q QUARTERLY REPORT
FOR THE QUARTER ENDED MARCH 31, 2014

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DEFINED TERMS

The following is a list of frequently used abbreviations or acronyms that are found in this report:

NiSource Subsidiaries and Affiliates

Capital Markets	NiSource Capital Markets, Inc.
CER	Columbia Energy Resources, Inc.
CGORC	Columbia Gas of Ohio Receivables Corporation
Columbia	Columbia Energy Group
Columbia Gulf	Columbia Gulf Transmission, LLC
Columbia of Kentucky	Columbia Gas of Kentucky, Inc.
Columbia of Maryland	Columbia Gas of Maryland, Inc.
Columbia of Massachusetts	Bay State Gas Company
Columbia of Ohio	Columbia Gas of Ohio, Inc.
Columbia of Pennsylvania	Columbia Gas of Pennsylvania, Inc.
Columbia of Virginia	Columbia Gas of Virginia, Inc.
Columbia Transmission	Columbia Gas Transmission, LLC
CPRC	Columbia Gas of Pennsylvania Receivables Corporation
Crossroads Pipeline	Crossroads Pipeline Company
Hardy Storage	Hardy Storage Company, LLC
Kokomo Gas	Kokomo Gas and Fuel Company
Millennium	Millennium Pipeline Company, L.L.C.
NARC	NIPSCO Accounts Receivable Corporation
NDC Douglas Properties	NDC Douglas Properties, Inc.
NEVCO	NiSource Energy Ventures, LLC
NIPSCO	Northern Indiana Public Service Company
NiSource	NiSource Inc.
NiSource Corporate Services	NiSource Corporate Services Company
NiSource Development Company	NiSource Development Company, Inc.
NiSource Finance	NiSource Finance Corporation
Northern Indiana Fuel and Light	Northern Indiana Fuel and Light Company
NiSource Midstream	NiSource Midstream Services, LLC
Pennant	Pennant Midstream, LLC

Abbreviations

AFUDC	Allowance for funds used during construction
AMRP	Accelerated Main Replacement Program
AOC	Administrative Order by Consent
AOCI	Accumulated Other Comprehensive Income (Loss)
ARRs	Auction Revenue Rights
ASC	Accounting Standards Codification
ASU	Accounting Standards Update
BBA	British Banker Association
Bcf	Billion cubic feet
BNS	Bank of Nova Scotia
Board	Board of Directors
BP AE	BP Alternative Energy North America, Inc.

DEFINED TERMS (continued)

BTMU	The Bank of Tokyo-Mitsubishi UFJ, LTD.
BTU	British Thermal Unit
CAA	Clean Air Act
CAIR	Clean Air Interstate Rule
CAMR	Clean Air Mercury Rule
Ccf	Hundred cubic feet
CERCLA	Comprehensive Environmental Response, Compensation and Liability Act (also known as Superfund)
CO ₂	Carbon Dioxide
CSAPR	Cross-State Air Pollution Rule
Day 2	Began April 1, 2005 and refers to the operational control of the energy markets by MISO, including the dispatching of wholesale electricity and generation, managing transmission constraints, and managing the day-ahead, real-time and financial transmission rights markets
DPU	Department of Public Utilities
DSIC	Distribution System Improvement Charge
DSM	Demand Side Management
Dth	Dekatherm
ECR	Environmental Cost Recovery
ECRM	Environmental Cost Recovery Mechanism
ECT	Environmental Cost Tracker
EERM	Environmental Expense Recovery Mechanism
EPA	United States Environmental Protection Agency
EPS	Earnings per share
FAC	Fuel adjustment clause
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
FGD	Flue Gas Desulfurization
FTRs	Financial Transmission Rights
GAAP	Generally Accepted Accounting Principles
GCIM	Gas Cost Incentive Mechanism
GCR	Gas cost recovery
GHG	Greenhouse gases
gwh	Gigawatt hours
Hilcorp	Hilcorp Energy Company
hp	Horsepower
IDEM	Indiana Department of Environmental Management
INDIEC	Indiana Industrial Energy Consumers, Inc.
IRP	Infrastructure Replacement Program
IRS	Internal Revenue Service
IURC	Indiana Utility Regulatory Commission
kV	Kilovolt
LDCs	Local distribution companies
LIBOR	London InterBank Offered Rate
LIFO	Last-in, first-out
LNG	Liquefied Natural Gas

DEFINED TERMS (continued)

MATS	Mercury and Air Toxics Standards
Mcf	Thousand cubic feet
MMcf	Million cubic feet
MGP	Manufactured Gas Plant
MISO	Midcontinent Independent System Operator
Mitchell	Dean H. Mitchell Coal Fired Generating Station
Mizuho	Mizuho Corporate Bank Ltd.
MMDth	Million dekatherms
mw	Megawatts
NAAQS	National Ambient Air Quality Standards
NOV	Notice of Violation
NO ₂	Nitrogen dioxide
NO _x	Nitrogen oxide
NYMEX	New York Mercantile Exchange
OCI	Other Comprehensive Income (Loss)
OPEB	Other Postretirement Benefits
OUCC	Indiana Office of Utility Consumer Counselor
PADEP	Pennsylvania Department of Environmental Protection
Piedmont	Piedmont Natural Gas Company, Inc.
PM	Particulate matter
PNC	PNC Bank, N.A.
PSC	Public Service Commission
PUC	Public Utility Commission
PUCO	Public Utilities Commission of Ohio
RA	Resource Adequacy
RBS	Royal Bank of Scotland, PLC
RCRA	Resource Conservation and Recovery Act
RDAF	Revenue decoupling adjustment factor
RTO	Regional Transmission Organization
SEC	Securities and Exchange Commission
SIP	State Implementation Plan
SO ₂	Sulfur dioxide
TDSIC	Transmission, Distribution and Storage System Improvement Charge
TIRF	Targeted Infrastructure Reinvestment Factor
VaR	Value-at-risk and instrument sensitivity to market factors
VIE	Variable Interest Entities
VSCC	Virginia State Corporation Commission
WACOG	Weighted Average Cost of Gas

PART I**ITEM 1. FINANCIAL STATEMENTS****NiSource Inc.
Condensed Statements of Consolidated Income (unaudited)**

<i>(in millions, except per share amounts)</i>	Three Months Ended March 31,	
	2014	2013
Net Revenues		
Gas Distribution	\$ 1,215.0	\$ 892.2
Gas Transportation and Storage	578.5	468.5
Electric	450.0	377.3
Other	77.0	44.2
Gross Revenues	2,320.5	1,782.2
Cost of Sales (excluding depreciation and amortization)	1,061.3	676.0
Total Net Revenues	1,259.2	1,106.2
Operating Expenses		
Operation and maintenance	501.2	454.3
Depreciation and amortization	148.7	143.6
Gain on sale of assets, net	(15.7)	(0.2)
Other taxes	101.1	86.7
Total Operating Expenses	735.3	684.4
Equity Earnings in Unconsolidated Affiliates	9.8	7.1
Operating Income	533.7	428.9
Other Income (Deductions)		
Interest expense, net	(109.1)	(98.6)
Other, net	4.5	4.1
Total Other Deductions	(104.6)	(94.5)
Income from Continuing Operations before Income Taxes	429.1	334.4
Income Taxes	162.7	118.4
Income from Continuing Operations	266.4	216.0
(Loss) Income from Discontinued Operations - net of taxes	(0.2)	8.1
Gain on Disposition of Discontinued Operations - net of taxes	—	36.4
Net Income	\$ 266.2	\$ 260.5
Basic Earnings Per Share		
Continuing operations	\$ 0.85	\$ 0.69
Discontinued operations	—	0.15
Basic Earnings Per Share	\$ 0.85	\$ 0.84
Diluted Earnings Per Share		
Continuing operations	\$ 0.85	\$ 0.69
Discontinued operations	—	0.14
Diluted Earnings Per Share	\$ 0.85	\$ 0.83
Dividends Declared Per Common Share	\$ 0.50	\$ 0.48
Basic Average Common Shares Outstanding	314.2	311.1
Diluted Average Common Shares	315.1	312.1

The accompanying Notes to Condensed Consolidated Financial Statements (unaudited) are an integral part of these statements.

[Table of Contents](#)ITEM 1. FINANCIAL STATEMENTS (continued)**NiSource Inc.**
Condensed Statements of Consolidated Comprehensive Income (unaudited)

<i>(in millions, net of taxes)</i>	Three Months Ended March 31,	
	2014	2013
Net Income	\$ 266.2	\$ 260.5
Other comprehensive income (loss)		
Net unrealized gain (loss) on available-for-sale securities ⁽¹⁾	0.3	(0.4)
Net unrealized gain on cash flow hedges ⁽²⁾	0.6	0.9
Unrecognized pension benefit and OPEB benefit ⁽³⁾	0.2	2.7
Total other comprehensive income	1.1	3.2
Total Comprehensive Income	\$ 267.3	\$ 263.7

⁽¹⁾Net unrealized gain (loss) on available-for-sale securities, net of \$ 0.2 million tax expense and \$ 0.1 million tax benefit in the first quarter of 2014 and 2013 , respectively.

⁽²⁾Net unrealized gains on derivatives qualifying as cash flow hedges, net of \$ 0.4 million and \$0.6 million tax expense in the first quarter of 2014 and 2013 , respectively.

⁽³⁾Unrecognized pension benefit and OPEB benefit, net of zero and \$1.7 million tax expense in the first quarter of 2014 and 2013 , respectively.

The accompanying Notes to Condensed Consolidated Financial Statements (unaudited) are an integral part of these statements.

[Table of Contents](#)ITEM 1. FINANCIAL STATEMENTS (continued)**NiSource Inc.**
Condensed Consolidated Balance Sheets (unaudited)

<i>(in millions)</i>	March 31, 2014	December 31, 2013
ASSETS		
Property, Plant and Equipment		
Utility plant	\$ 23,695.7	\$ 23,303.7
Accumulated depreciation and amortization	(9,358.6)	(9,256.5)
Net utility plant	14,337.1	14,047.2
Other property, at cost, less accumulated depreciation	320.6	317.9
Net Property, Plant and Equipment	14,657.7	14,365.1
Investments and Other Assets		
Unconsolidated affiliates	407.1	373.7
Other investments	203.1	204.0
Total Investments and Other Assets	610.2	577.7
Current Assets		
Cash and cash equivalents	38.0	26.8
Restricted cash	10.9	8.0
Accounts receivable (less reserve of \$34.6 and \$23.5, respectively)	1,271.2	1,005.8
Income tax receivable	4.1	5.1
Gas inventory	97.9	354.6
Underrecovered gas and fuel costs	114.3	46.4
Materials and supplies, at average cost	104.8	101.2
Electric production fuel, at average cost	22.9	44.6
Price risk management assets	14.4	22.7
Exchange gas receivable	161.4	70.6
Regulatory assets	159.1	142.8
Prepayments and other	321.1	330.6
Total Current Assets	2,320.1	2,159.2
Other Assets		
Regulatory assets	1,494.9	1,522.2
Goodwill	3,666.2	3,666.2
Intangible assets	272.9	275.7
Deferred charges and other	85.3	87.8
Total Other Assets	5,519.3	5,551.9
Total Assets	\$ 23,107.3	\$ 22,653.9

The accompanying Notes to Condensed Consolidated Financial Statements (unaudited) are an integral part of these statements.

[Table of Contents](#)ITEM 1. FINANCIAL STATEMENTS (continued)**NiSource Inc.****Condensed Consolidated Balance Sheets (unaudited) (continued)**

<i>(in millions, except share amounts)</i>	March 31, 2014	December 31, 2013
CAPITALIZATION AND LIABILITIES		
Capitalization		
Common Stockholders' Equity		
Common stock - \$0.01 par value, 400,000,000 shares authorized; 314,800,122 and 313,675,911 shares outstanding, respectively	\$ 3.2	\$ 3.2
Additional paid-in capital	4,715.6	4,690.1
Retained earnings	1,394.4	1,285.5
Accumulated other comprehensive loss	(42.5)	(43.6)
Treasury stock	(58.6)	(48.6)
Total Common Stockholders' Equity	6,012.1	5,886.6
Long-term debt, excluding amounts due within one year	7,638.5	7,593.2
Total Capitalization	13,650.6	13,479.8
Current Liabilities		
Current portion of long-term debt	530.5	542.1
Short-term borrowings	812.5	698.7
Accounts payable	714.4	619.0
Dividends payable	78.7	—
Customer deposits and credits	239.4	262.6
Taxes accrued	278.6	254.8
Interest accrued	75.3	136.4
Overrecovered gas and fuel costs	25.8	32.2
Exchange gas payable	143.1	186.4
Deferred revenue	7.9	18.5
Regulatory liabilities	79.1	60.2
Accrued liability for postretirement and postemployment benefits	6.2	6.2
Legal and environmental	25.5	32.3
Other accruals	323.8	329.0
Total Current Liabilities	3,340.8	3,178.4
Other Liabilities and Deferred Credits		
Deferred income taxes	3,392.3	3,277.8
Deferred investment tax credits	20.0	20.9
Deferred credits	100.2	91.9
Noncurrent deferred revenue	21.8	17.1
Accrued liability for postretirement and postemployment benefits	508.1	527.5
Regulatory liabilities	1,677.6	1,669.8
Asset retirement obligations	176.5	174.4
Other noncurrent liabilities	219.4	216.3
Total Other Liabilities and Deferred Credits	6,115.9	5,995.7
Commitments and Contingencies (Refer to Note 17)	—	—
Total Capitalization and Liabilities	\$ 23,107.3	\$ 22,653.9

The accompanying Notes to Condensed Consolidated Financial Statements (unaudited) are an integral part of these statements.

[Table of Contents](#)ITEM 1. FINANCIAL STATEMENTS (continued)**NiSource Inc.**
Condensed Statements of Consolidated Cash Flows (unaudited)

Three Months Ended March 31, (in millions)	2014	2013
Operating Activities		
Net Income	\$ 266.2	\$ 260.5
Adjustments to Reconcile Net Income to Net Cash from Continuing Operations:		
Depreciation and amortization	148.7	143.6
Net changes in price risk management assets and liabilities	0.8	0.5
Deferred income taxes and investment tax credits	148.9	117.1
Deferred revenue	1.8	(0.4)
Stock compensation expense and 401(k) profit sharing contribution	13.9	10.6
Gain on sale of assets	(15.7)	(0.2)
Income from unconsolidated affiliates	(9.6)	(7.3)
Gain on disposition of discontinued operations - net of taxes	—	(36.4)
Loss (Income) from discontinued operations - net of taxes	0.2	(8.1)
Amortization of debt related costs	2.4	2.3
AFUDC equity	(4.0)	(3.5)
Distributions of earnings received from equity investees	7.6	7.0
Changes in Assets and Liabilities:		
Accounts receivable	(265.1)	(161.4)
Income tax receivable	0.9	50.4
Inventories	274.0	254.7
Accounts payable	126.5	25.4
Customer deposits and credits	(23.1)	(102.0)
Taxes accrued	19.3	28.1
Interest accrued	(61.1)	(65.5)
(Under)Overrecovered gas and fuel costs	(74.2)	69.3
Exchange gas receivable/payable	(134.2)	(89.8)
Other accruals	(30.1)	(26.6)
Prepayments and other current assets	4.5	(5.8)
Regulatory assets/liabilities	2.9	5.8
Postretirement and postemployment benefits	(19.3)	(36.8)
Deferred credits	8.4	7.7
Deferred charges and other noncurrent assets	(0.2)	(0.4)
Other noncurrent liabilities	4.0	(2.0)
Net Operating Activities from Continuing Operations	394.4	436.8
Net Operating Activities (used for) from Discontinued Operations	(0.4)	12.3
Net Cash Flows from Operating Activities	394.0	449.1
Investing Activities		
Capital expenditures	(386.3)	(369.3)
Proceeds from disposition of assets	5.3	0.5
Restricted cash (deposits) withdrawals	(2.9)	23.6
Contributions to equity investees	(31.0)	(17.1)
Other investing activities	7.0	(5.3)
Net Investing Activities used for Continuing Operations	(407.9)	(367.6)
Net Investing Activities from Discontinued Operations	—	121.5
Net Cash Flows used for Investing Activities	(407.9)	(246.1)
Financing Activities		
Payments of long-term debt and capital lease obligations		

	(9.1)	(427.1)
Change in short-term borrowings, net	113.8	354.3
Issuance of common stock	8.9	17.2
Acquisition of treasury stock	(10.0)	(7.6)
Dividends paid - common stock	(78.5)	(74.7)
Net Cash Flows from (used for) Financing Activities	25.1	(137.9)
Change in cash and cash equivalents from (used for) continuing operations	11.6	(68.7)
Cash contributions (to) from discontinued operations	(0.4)	133.8
Cash and cash equivalents at beginning of period	26.8	36.3
Cash and Cash Equivalents at End of Period	\$ 38.0	\$ 101.4

The accompanying Notes to Condensed Consolidated Financial Statements (unaudited) are an integral part of these statements.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Condensed Statement of Consolidated Common Stockholders' Equity (unaudited)

<i>(in millions)</i>	Common Stock	Treasury Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income/(Loss)	Total
Balance as of January 1, 2014	\$ 3.2	\$ (48.6)	\$ 4,690.1	\$ 1,285.5	\$ (43.6)	\$ 5,886.6
Comprehensive Income:						
Net Income	—	—	—	266.2	—	266.2
Other comprehensive income, net of tax	—	—	—	—	1.1	1.1
Common stock dividends	—	—	—	(157.3)	—	(157.3)
Treasury stock acquired	—	(10.0)	—	—	—	(10.0)
Issued:						
Employee stock purchase plan	—	—	0.8	—	—	0.8
Long-term incentive plan	—	—	8.4	—	—	8.4
401(k) and profit sharing issuance	—	—	14.3	—	—	14.3
Dividend reinvestment plan	—	—	2.0	—	—	2.0
Balance as of March 31, 2014	\$ 3.2	\$ (58.6)	\$ 4,715.6	\$ 1,394.4	\$ (42.5)	\$ 6,012.1

The accompanying Notes to Condensed Consolidated Financial Statements (unaudited) are an integral part of these statements.

[Table of Contents](#)ITEM 1. FINANCIAL STATEMENTS (continued)**NiSource Inc.****Notes to Condensed Consolidated Financial Statements (unaudited)****1. Basis of Accounting Presentation**

The accompanying Condensed Consolidated Financial Statements (unaudited) for NiSource (the “Company”) reflect all normal recurring adjustments that are necessary, in the opinion of management, to present fairly the results of operations in accordance with GAAP in the United States of America.

The accompanying financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in NiSource’s Annual Report on Form 10-K for the fiscal year ended December 31, 2013 . Income for interim periods may not be indicative of results for the calendar year due to weather variations and other factors.

The Condensed Consolidated Financial Statements (unaudited) have been prepared pursuant to the rules and regulations of the SEC. Certain information and note disclosures normally included in annual financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to those rules and regulations, although NiSource believes that the disclosures made are adequate to make the information not misleading.

2. Recent Accounting Pronouncements

In April 2014, the FASB issued ASU 2014-08, *Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360): Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity*. ASU 2014-08 changes the criteria for reporting a discontinued operation. Under the new pronouncement, a disposal of a part of an organization that has a major effect on its operations and financial results is a discontinued operation. NiSource is required to adopt ASU 2014-08 prospectively for all disposals or components of its business classified as held for sale during fiscal periods beginning after December 15, 2014. NiSource is currently evaluating what impact, if any, adoption of ASU 2014-08 will have on its Condensed Consolidated Financial Statements (unaudited) and Notes to Condensed Consolidated Financial Statements (unaudited).

3. Earnings Per Share

Basic EPS is computed by dividing income available to common stockholders by the weighted-average number of shares of common stock outstanding for the period. The weighted average shares outstanding for diluted EPS includes the incremental effects of the various long-term incentive compensation plans. The numerator in calculating both basic and diluted EPS for each period is reported net income. The computation of diluted average common shares follows:

<i>(in thousands)</i>	Three Months Ended	
	March 31,	
	2014	2013
Denominator		
Basic average common shares outstanding	314,222	311,120
Dilutive potential common shares:		
Stock options	59	156
Shares contingently issuable under employee stock plans	399	276
Shares restricted under stock plans	442	523
Diluted Average Common Shares	315,122	312,075

4. Gas in Storage

Both the LIFO inventory methodology and the weighted average cost methodology are used to value natural gas in storage. Gas Distribution Operations price natural gas storage injections at the average of the costs of natural gas supply purchased during the year. For interim periods, the difference between current projected replacement cost and the LIFO cost for quantities of gas temporarily withdrawn from storage is recorded as a temporary LIFO liquidation credit or debit within the Condensed Consolidated Balance Sheets (unaudited). Due to seasonality requirements, NiSource expects interim variances in LIFO layers to be replenished by year-end. NiSource had a temporary LIFO liquidation debit of \$10.3 million and zero as of March 31, 2014 and December 31, 2013 , respectively, for certain gas distribution companies recorded within “Prepayments and other,” on the Condensed Consolidated Balance Sheets (unaudited).

[Table of Contents](#)ITEM 1. FINANCIAL STATEMENTS (continued)**NiSource Inc.****Notes to Condensed Consolidated Financial Statements (unaudited) (continued)****5. Discontinued Operations and Assets and Liabilities Held for Sale**

On September 1, 2013, NiSource sold the commercial and industrial natural gas portfolio of its unregulated natural gas marketing business. The sale included the physical contracts and associated financial hedges that comprise the portfolio, as well as the gas inventory and customer deposits of the business. The sale resulted in an after tax loss of \$1.5 million which was recorded during the third quarter of 2013.

During 2012, NiSource began marketing to sell the service plan and leasing business lines of its Retail Services business. The sale of the business lines closed in January 2013 resulting in gain from the disposition of discontinued operations of \$36.4 million, net of taxes, which was recorded during the first quarter of 2013.

There were no assets and liabilities of discontinued operations and held for sale on the Condensed Consolidated Balance Sheets (unaudited) at March 31, 2014 and December 31, 2013.

Results from discontinued operations are provided in the following table. These results are primarily from a settlement at NiSource's former exploration and production subsidiary, CER, NiSource's Retail Services business, and NiSource's unregulated natural gas marketing business.

<i>(in millions)</i>	Three Months Ended March 31,	
	2014	2013
Revenues from Discontinued Operations	\$ —	\$ 16.2
(Loss) Income from discontinued operations	(0.3)	13.2
Income tax (benefit) expense	(0.1)	5.1
(Loss) Income from Discontinued Operations - net of taxes	\$ (0.2)	\$ 8.1
Gain on Disposition of Discontinued Operations - net of taxes	\$ —	\$ 36.4

6. Asset Retirement Obligations

Certain costs of removal that have been, and continue to be, included in depreciation rates and collected in the service rates of the rate-regulated subsidiaries are classified as "Regulatory liabilities" on the Condensed Consolidated Balance Sheets (unaudited).

Changes in NiSource's liability for asset retirement obligations for the three months ended March 31, 2014 and 2013 are presented in the table below:

<i>(in millions)</i>	2014	2013
Balance as of January 1,	\$ 174.4	\$ 160.4
Accretion expense	0.4	0.3
Accretion recorded as a regulatory asset/liability	2.1	2.3
Additions	0.1	2.9
Settlements	(0.5)	(0.3)
Change in estimated cash flows	—	(0.3)
Balance as of March 31,	\$ 176.5	\$ 165.3

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

7. Regulatory Matters

Gas Distribution Operations Regulatory Matters

Significant Rate Developments . On April 30, 2013, Indiana Governor Pence signed Senate Enrolled Act 560 into law. Among other provisions, this legislation provides for cost recovery outside of a base rate proceeding for new or replacement electric and gas transmission, distribution, and storage projects that a public utility undertakes for the purposes of safety, reliability, system modernization, or economic development. Provisions of the TDSIC statute require that, among other things, requests for recovery include a seven year plan of eligible investments. Once the plan is approved by the IURC, 80 percent of eligible costs can be recovered using a periodic rate adjustment mechanism. The cost recovery mechanism is referred to as a TDSIC mechanism. Recoverable costs include a return on, and of, the investment, including AFUDC, post in service carrying charges, operation and maintenance expenses, depreciation, and property taxes. The remaining 20 percent of recoverable costs are to be deferred for future recovery in the public utility's next general rate case. The periodic rate adjustment mechanism is capped at an annual increase of no more than two percent of total retail revenues. On October 3, 2013, NIPSCO filed its gas TDSIC seven-year plan of eligible investments for a total of approximately \$710 million with the IURC. An order is expected by the second quarter of 2014.

On November 25, 2013, Columbia of Ohio filed a Notice of Intent to file an application to adjust rates associated with its IRP and DSM Riders. Columbia of Ohio filed its Application on February 28, 2014, requesting authority to increase revenues by approximately \$25.5 million . The parties have settled all issues, and on April 7, 2014 filed a stipulation providing for a revenue increase of approximately \$25.5 million . On April 23, 2014, Columbia of Ohio received approval of its annual infrastructure replacement and demand-side management rider request from the PUCO. New rates are effective April 30, 2014.

On April 16, 2013, Columbia of Massachusetts submitted a filing with the Massachusetts DPU requesting an annual revenue requirement increase of \$30.1 million . Pursuant to the procedural schedule for this case, on September 3, 2013, Columbia of Massachusetts filed its updated revenue requirement of \$29.5 million and on October 16, 2013, filed an updated cost of service for \$30.0 million . A final revenue requirement update of \$29.9 million was filed on December 16, 2013. On February 28, 2014 the Massachusetts DPU issued an order granting an annual revenue requirement increase of \$19.3 million effective March 1, 2014, and the compliance filing associated with the order has been approved. Columbia of Massachusetts currently has two Motions for Reconsideration and Clarification pending before the Massachusetts DPU with regard to specific findings in the order.

On September 16, 2013, Columbia of Massachusetts filed its Peak Period Gas Adjustment Factor ("GAF") for the period November 1, 2013 through April 30 2014, and its Peak Period 2012-2013 GAF Reconciliation. On January 17, 2014, Columbia of Massachusetts filed a revision to the GAF effective February 1, 2014, and on February 18, 2014, Columbia of Massachusetts filed its second revision to the GAF effective March 1, 2014, to eliminate Columbia of Massachusetts's projected Peak Period under-collection of \$50 million . On February 28, 2014, the Massachusetts DPU approved the revision subject to further review and reconciliation, but deferred recovery of \$25 million of the projected under-collection to November 2014 - April 2015, and thus, this deferred amount will be incorporated into the proposed GAF to be submitted in Columbia of Massachusetts's 2014-2015 Peak Period GAF filing.

On March 21, 2014, Columbia of Pennsylvania filed a base rate case with the Pennsylvania PUC, seeking a revenue increase of approximately \$54.1 million annually. The case is driven by Columbia of Pennsylvania's capital investment program which exceeds \$180 million in both 2014 and 2015 as well as new pipeline safety-related operation and maintenance expenditures. Columbia of Pennsylvania seeks Pennsylvania PUC approval to implement additional rates to recover costs that are projected to be incurred after the implementation of those new rates, as authorized by the Pennsylvania General Assembly with the passage of Act 11 of 2012. Columbia of Pennsylvania's filing seeks to implement rates in December 2014 under which Columbia of Pennsylvania would immediately begin to recover costs that are projected for the twelve-month period ending December 31, 2015. The case is currently in discovery, and a final order from the Pennsylvania PUC is expected in the fourth quarter of 2014.

Cost Recovery and Trackers . A significant portion of the distribution companies' revenue is related to the recovery of gas costs, the review and recovery of which occurs via standard regulatory proceedings. All states require periodic review of actual gas procurement activity to determine prudence and to permit the recovery of prudently incurred costs related to the supply of gas for customers. NiSource distribution companies have historically been found prudent in the procurement of gas supplies to serve customers.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

Certain operating costs of the NiSource distribution companies are significant, recurring in nature, and generally outside the control of the distribution companies. Some states allow the recovery of such costs via cost tracking mechanisms. Such tracking mechanisms allow for abbreviated regulatory proceedings in order for the distribution companies to implement charges and recover appropriate costs. Tracking mechanisms allow for more timely recovery of such costs as compared with more traditional cost recovery mechanisms. Examples of such mechanisms include GCR adjustment mechanisms, tax riders, gas energy efficiency programs, and bad debt recovery mechanisms.

Comparability of Gas Distribution Operations line item operating results is impacted by regulatory trackers that allow for the recovery in rates of certain costs such as bad debt expenses. Increases in the expenses that are subject to trackers result in a corresponding increase in net revenues and therefore have essentially no impact on total operating income results.

Certain of the NiSource distribution companies have completed rate proceedings involving infrastructure replacement or are embarking upon regulatory initiatives to replace significant portions of their operating systems that are nearing the end of their useful lives. Each LDC's approach to cost recovery may be unique, given the different laws, regulations and precedent that exist in each jurisdiction.

Columbia Pipeline Group Operations Regulatory Matters

Significant Rate Developments. On January 30, 2014, Columbia Transmission received FERC approval of its December 2013 filing to recover costs associated with the first year of its comprehensive system modernization program. During 2013, Columbia Transmission completed more than 30 individual projects representing a total investment of about \$300 million . The program includes replacement of aging pipeline and compressor facilities, enhancements to system inspection capabilities, and improvements in real-time analytics and control systems. Recovery of the 2013 investments began on February 1, 2014.

The second year of the program includes planned modernization investments of approximately \$300 million . Columbia Transmission and its customers have agreed to the initial five years of the comprehensive modernization program, with an opportunity to mutually extend the agreement.

Cost Recovery Trackers. A significant portion of the regulated transmission and storage companies' revenue is related to the recovery of their operating costs, the review and recovery of which occurs via standard regulatory proceedings with the FERC under section 4 of the Natural Gas Act. However, certain operating costs of the NiSource regulated transmission and storage companies are significant and recurring in nature, such as fuel for compression and lost and unaccounted for gas. The FERC allows for the recovery of such costs via cost tracking mechanisms. These tracking mechanisms allow the transmission and storage companies' rates to fluctuate in response to changes in certain operating costs or conditions as they occur to facilitate the timely recovery of its costs incurred. The tracking mechanisms involve a rate adjustment that is filed at a predetermined frequency, typically annually, with the FERC and is subject to regulatory review before new rates go into effect. Other such costs under regulatory tracking mechanisms include third-party pipeline transportation, electric compression, certain environmental, and certain operational purchases and sales of natural gas.

Electric Operations Regulatory Matters

Significant Rate Developments . On July 19, 2013, NIPSCO filed its electric TDSIC, further discussed above, with the IURC. The filing included the seven-year plan of eligible investments for a total of approximately \$1.1 billion with the majority of the spend occurring in years 2016 through 2020. On February 17, 2014, the IURC issued an order approving NIPSCO's seven-year plan of eligible investments. The Order also granted NIPSCO ratemaking relief associated with the eligible investments through a rate adjustment mechanism. NIPSCO anticipates filing its first semi-annual tracker petition in the third quarter of 2014. On March 10, 2014 the OUCC filed a Petition for Reconsideration with the IURC which is still pending. In addition, two parties have filed Notices of Appeal with the Indiana Court of Appeals to appeal the IURC's ruling.

On November 12, 2013, several industrial customers, including INDIEC, filed a complaint at the FERC regarding the 12.38% base ROE used to set the MISO Transmission Owners' transmission rates and requesting a reduction in the base ROE to 9.15% . The complaint further requests that FERC limit the capital structure of MISO Transmission Owners to no more than 50% common equity for ratemaking purposes and that FERC eliminate incentive adders for membership in a RTO. NIPSCO joined in an answer defending the 12.38% base ROE and motion to dismiss the complaint filed on behalf of a group of MISO Transmission Owners on January 6, 2014. NIPSCO is unable to estimate the impact of this complaint or the timing of any potential impact at this time.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

Cost Recovery and Trackers . A significant portion of NIPSCO's revenue is related to the recovery of fuel costs to generate power and purchased power. These costs are recovered through a FAC, a standard, quarterly, "summary" regulatory proceeding in Indiana.

Certain operating costs of the Electric Operations are significant, recurring in nature, and generally outside the control of NIPSCO. The IURC allows for recovery of such costs via cost tracking mechanisms. Such tracking mechanisms allow for abbreviated regulatory proceedings in order for NIPSCO to implement charges and recover appropriate costs. Tracking mechanisms allow for more timely recovery of such costs as compared with more traditional cost recovery mechanisms. Examples of such mechanisms include electric energy efficiency programs, MISO non-fuel costs and revenues, resource capacity charges, and environmental related costs.

NIPSCO has approval from the IURC to recover certain environmental related costs through an ECT. Under the ECT, NIPSCO is permitted to recover (1) AFUDC and a return on the capital investment expended by NIPSCO to implement environmental compliance plan projects through an ECRM and (2) related operation and maintenance and depreciation expenses once the environmental facilities become operational through an EERM. On January 31, 2014, NIPSCO filed ECR-23 which included \$583.5 million of net capital expenditures for the period ending December 31, 2013. An order is expected by the second quarter of 2014.

8. Risk Management Activities

NiSource is exposed to certain risks relating to its ongoing business operations. The primary risks managed by using derivative instruments are commodity price risk and interest rate risk. Derivative natural gas contracts are entered into to manage the price risk associated with natural gas price volatility and to secure forward natural gas prices. Interest rate swaps are entered into to manage interest rate risk or fair value risk associated with NiSource's borrowings. NiSource designates some of its commodity forward contracts as cash flow hedges of forecasted purchases of commodities and designates its interest rate swaps as fair value hedges of fixed-rate borrowings.

Accounting Policy for Derivative Instruments. Unrealized and realized gains and losses are recognized each period as components of AOCI, regulatory assets and liabilities or earnings depending on the designation of the derivative instrument and regulatory accounting treatment. For subsidiaries that utilize derivatives for cash flow hedges, the effective portions of the gains and losses are recorded to AOCI and are recognized in earnings concurrent with the disposition of the hedged risks. If a forecasted transaction corresponding to a cash flow hedge is no longer probable to occur, the accumulated gains or losses on the derivative are recognized currently in earnings. For fair value hedges, the gains and losses are recorded in earnings each period together with the change in the fair value of the hedged item. As a result of the rate-making process, the rate-regulated subsidiaries generally record gains and losses as regulatory liabilities or assets and recognize such gains or losses in earnings when both the contracts settle and the physical commodity flows. These gains and losses recognized in earnings are then subsequently recovered or passed back to customers in revenues through rates. When gains and losses are recognized in earnings, they are recognized in revenues or cost of sales for derivatives that correspond to commodity risk activities and are recognized in interest expense for derivatives that correspond to interest-rate risk activities.

For its commodity price risk programs, NiSource has elected not to net the fair value amounts of its derivative instruments or the fair value amounts recognized for its right to receive or obligation to pay cash collateral arising from those derivative instruments recognized at fair value, which are executed with the same counterparty under a master netting arrangement. NiSource discloses amounts recognized for the right to reclaim cash collateral within "Restricted cash" and amounts recognized for the obligation to return cash collateral within "Other accruals" on the Condensed Consolidated Balance Sheets (unaudited).

[Table of Contents](#)ITEM 1. FINANCIAL STATEMENTS (continued)**NiSource Inc.****Notes to Condensed Consolidated Financial Statements (unaudited) (continued)****Commodity Price Risk Programs .**

Commodity price risk program derivatives consist of NYMEX gas options, NYMEX gas futures and FTRs. Contracted gross volumes are as follows:

	March 31, 2014	December 31, 2013
Commodity Price Risk Program:		
Gas price volatility program derivatives (MMDth)	13.9	17.0
Price Protection Service program derivatives (MMDth)	0.3	0.7
DependaBill program derivatives (MMDth)	0.1	0.2
Electric energy program FTR derivatives (mw)	—	1,248.0

Interest Rate Risk Activities . NiSource recognizes that the prudent and selective use of derivatives may help it to lower its cost of debt capital and manage its interest rate exposure. NiSource Finance has entered into various “receive fixed” and “pay floating” interest rate swap agreements which modify the interest rate characteristics of a portion of its outstanding long-term debt from fixed to variable rate. These interest rate swaps also serve to hedge the fair market value of NiSource Finance’s outstanding debt portfolio. As of March 31, 2014 , NiSource had \$7.7 billion of outstanding fixed rate debt, of which \$500 million is subject to fluctuations in interest rates as a result of the fixed-to-variable interest rate swap transactions. These interest rate swaps are designated as fair value hedges. NiSource had no net gain or loss recognized in earnings due to hedging ineffectiveness for the three months ended March 31, 2014 and 2013 .

On July 22, 2003, NiSource Finance entered into fixed-to-variable interest rate swap agreements in a notional amount of \$500 million with four counterparties which will expire on July 15, 2014 . NiSource Finance receives payments based upon a fixed 5.40% interest rate and pays a floating interest amount based on U.S. 6-month BBA LIBOR plus an average of 0.78% per annum. There was no exchange of premium at the initial date of the swaps.

Contemporaneously with the issuance on September 16, 2005 of \$1 billion of its 5.25% and 5.45% notes, maturing September 15, 2017 and 2020, respectively, NiSource Finance settled \$900 million of forward starting interest rate swap agreements with six counterparties. NiSource paid an aggregate settlement payment of \$35.5 million which is being amortized from AOCI to interest expense over the term of the underlying debt, resulting in an effective interest rate of 5.67% and 5.88% , respectively. As of March 31, 2014 , AOCI includes \$7.8 million related to forward starting interest rate swap settlement, net of tax. These derivative contracts are accounted for as a cash flow hedge.

As of March 31, 2014 , NiSource holds a 47.5% interest in Millennium. As NiSource reports Millennium as an equity method investment, NiSource is required to recognize a proportional share of Millennium’s OCI. NiSource’s proportionate share of the remaining unrecognized loss associated with settled interest rate swaps was \$17.4 million and \$17.7 million , net of tax, as of March 31, 2014 and December 31, 2013 , respectively. Millennium is amortizing the losses related to these terminated interest rate swaps into earnings using the effective interest method through interest expense as interest payments are made. NiSource records its proportionate share of the amortization as Equity Earnings in Unconsolidated Affiliates in the Condensed Statements of Consolidated Income (unaudited).

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

NiSource's location and fair value of derivative instruments on the Condensed Consolidated Balance Sheets (unaudited) were:

Asset Derivatives (in millions)	March 31, 2014	December 31, 2013
Balance Sheet Location	Fair Value	Fair Value
Derivatives designated as hedging instruments		
Commodity price risk programs		
Price risk management assets (current)	\$ 0.1	\$ —
Interest rate risk activities		
Price risk management assets (current)	10.7	21.2
Total derivatives designated as hedging instruments	\$ 10.8	\$ 21.2
Derivatives not designated as hedging instruments		
Commodity price risk programs		
Price risk management assets (current)	\$ 3.6	\$ 1.5
Price risk management assets (noncurrent)	—	0.5
Total derivatives not designated as hedging instruments	\$ 3.6	\$ 2.0
Total Asset Derivatives	\$ 14.4	\$ 23.2

There were no significant liability derivatives as of March 31, 2014 and December 31, 2013.

As noted in NiSource's accounting policy for derivative instruments, above, for its commodity price risk programs, NiSource has elected not to net fair value amounts for its derivative instruments or the fair value amounts recognized for its right to receive cash collateral or obligation to pay cash collateral arising from those derivative instruments recognized at fair value, which are executed with the same counterparty under a master netting arrangement.

The tables below represent the amounts subject to an enforceable master netting arrangement not otherwise disclosed:

Offsetting of Derivative Assets (in millions)

As of March 31, 2014

	Gross Amounts of Recognized Assets	Gross Amounts Offset in the Statement of Financial Position	Net Amounts of Assets Presented in the Statement of Financial Position	Gross Amounts Not Offset in the Statement of Financial Position	Net Amount
Counterparty B	\$ 3.7	\$ —	\$ 3.7	\$ (0.4)	\$ 3.3
Other ⁽¹⁾	10.7	—	10.7	—	10.7
Total	\$ 14.4	\$ —	\$ 14.4	\$ (0.4)	\$ 14.0

Offsetting of Derivative Liabilities (in millions)

As of March 31, 2014

	Gross Amounts of Recognized Liabilities	Gross Amounts Offset in the Statement of Financial Position	Net Amounts of Liabilities Presented in the Statement of Financial Position	Gross Amounts Not Offset in the Statement of Financial Position	Net Amount
Counterparty B	\$ (0.4)	\$ —	\$ (0.4)	\$ 0.4	\$ —
Total	\$ (0.4)	\$ —	\$ (0.4)	\$ 0.4	\$ —

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

Offsetting of Derivative Assets (in millions)

As of December 31, 2013

	Gross Amounts of Recognized Assets	Gross Amounts Offset in the Statement of Financial Position	Net Amounts of Assets Presented in the Statement of Financial Position	Gross Amounts Not Offset in the Statement of Financial Position	Net Amount
Counterparty B	\$ 2.1	\$ —	\$ 2.1	\$ (1.7)	\$ 0.4
Other ⁽¹⁾	21.1	—	21.1	—	21.1
Total	\$ 23.2	\$ —	\$ 23.2	\$ (1.7)	\$ 21.5

Offsetting of Derivative Liabilities (in millions)

As of December 31, 2013

	Gross Amounts of Recognized Liabilities	Gross Amounts Offset in the Statement of Financial Position	Net Amounts of Liabilities Presented in the Statement of Financial Position	Gross Amounts Not Offset in the Statement of Financial Position	Net Amount
Counterparty B	\$ (1.7)	\$ —	\$ (1.7)	\$ 1.7	\$ —
Total	\$ (1.7)	\$ —	\$ (1.7)	\$ 1.7	\$ —

⁽¹⁾ Amounts in "Other" include fixed-to-variable interest rate swap agreements entered into by NiSource.

The effect of derivative instruments on the Condensed Statements of Consolidated Income (unaudited) was:

Derivatives in Cash Flow Hedging Relationships

Three Months Ended (in millions)

Derivatives in Cash Flow Hedging Relationships	Amount of Gain Recognized in OCI on Derivative (Effective Portion)		Location of Loss Reclassified from AOCI into Income (Effective Portion)	Amount of (Loss) Gain Reclassified from AOCI into Income (Effective Portion)	
	March 31, 2014	March 31, 2013		March 31, 2014	March 31, 2013
Commodity price risk programs	\$ 0.1	\$ 0.1	Cost of Sales	\$ (0.1)	\$ 0.1
Interest rate risk activities	—	—	Interest expense, net	(0.4)	(0.4)
Total	\$ 0.1	\$ 0.1		\$ (0.5)	\$ (0.3)

There was no income statement recognition of gains or losses for the ineffective portion and amounts excluded from effectiveness testing for derivatives in cash flow hedging relationships for the three months ended March 31, 2014 and 2013 .

It is anticipated that during the next twelve months the expiration and settlement of cash flow hedge contracts will result in income statement recognition of amounts currently classified in AOCI of approximately \$0.1 million of gain, net of taxes.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

Derivatives in Fair Value Hedging Relationships

Three Months Ended (*in millions*)

Derivatives in Fair Value Hedging Relationships	Location of Loss Recognized in Income on Derivatives	Amount of Loss Recognized in Income on Derivatives	
		March 31, 2014	March 31, 2013
Interest rate risk activities	Interest expense, net	\$ (10.4)	\$ (9.7)
Total		\$ (10.4)	\$ (9.7)

Three Months Ended (*in millions*)

Hedged Item in Fair Value Hedge Relationships	Location of Gain Recognized in Income on Related Hedged Item	Amount of Gain Recognized in Income on Related Hedged Items	
		March 31, 2014	March 31, 2013
Fixed-rate debt	Interest expense, net	\$ 10.4	\$ 9.7
Total		\$ 10.4	\$ 9.7

Derivatives not designated as hedging instruments

Three Months Ended (*in millions*)

Derivatives Not Designated as Hedging Instruments	Location of Gain (Loss) Recognized in Income on Derivatives	Amount of Realized/Unrealized Gain (Loss) Recognized in Income on Derivatives ⁽¹⁾	
		March 31, 2014	March 31, 2013
Commodity price risk programs	Gas Distribution revenues	\$ —	\$ 0.1
Commodity price risk programs	Cost of Sales	6.9	(6.7)
Commodity price risk programs	(Loss) Income from Discontinued Operations - net of taxes	—	0.2
Total		\$ 6.9	\$ (6.4)

⁽¹⁾ For the amounts of realized/unrealized gain (loss) recognized in income on derivatives disclosed in the table above, gains of \$6.9 million and \$6.6 million for the three months ended March 31, 2014 and 2013, respectively, were deferred as allowed per regulatory orders. These amounts will be amortized to income over future periods of up to twelve months as specified in a regulatory order.

NiSource's derivative instruments measured at fair value as of March 31, 2014 and December 31, 2013 do not contain any credit-risk-related contingent features.

Certain NiSource affiliates have physical commodity purchase agreements that contain "ratings triggers" that require increases in collateral if the credit rating of NiSource or certain of its affiliates are rated below BBB- by Standard & Poor's or below Baa3 by Moody's. These agreements are primarily for the physical purchase or sale of natural gas and electricity. The collateral requirement from a downgrade below the ratings trigger levels would amount to approximately \$0.9 million. In addition to agreements with ratings triggers, there are some agreements that contain "adequate assurance" or "material adverse change" provisions that could result in additional credit support such as letters of credit and cash collateral to transact business.

NiSource had \$5.3 million and \$5.9 million of cash on deposit with brokers and MISO for collateral requirements associated with open derivative positions reflected within "Restricted cash" on the Condensed Consolidated Balance Sheets (unaudited) as of March 31, 2014 and December 31, 2013, respectively.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

9. Fair Value

A. Fair Value Measurements

Recurring Fair Value Measurements. The following tables present financial assets and liabilities measured and recorded at fair value on NiSource's Condensed Consolidated Balance Sheets (unaudited) on a recurring basis and their level within the fair value hierarchy as of March 31, 2014 and December 31, 2013 :

Recurring Fair Value Measurements March 31, 2014 <i>(in millions)</i>	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of March 31, 2014
Assets				
Commodity price risk management assets:				
Financial price risk programs	\$ 3.7	\$ —	\$ —	\$ 3.7
Interest rate risk activities	—	10.7	—	10.7
Available-for-sale securities	24.2	95.9	—	120.1
Total	\$ 27.9	\$ 106.6	\$ —	\$ 134.5

Liabilities				
Commodity price risk management liabilities:				
Financial price risk programs	\$ 0.1	\$ —	\$ 0.3	\$ 0.4
Total	\$ 0.1	\$ —	\$ 0.3	\$ 0.4

Recurring Fair Value Measurements December 31, 2013 <i>(in millions)</i>	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of December 31, 2013
Assets				
Commodity price risk management assets:				
Financial price risk programs	\$ 2.1	\$ —	\$ —	\$ 2.1
Interest rate risk activities	—	21.1	—	21.1
Available-for-sale securities	25.3	96.1	—	121.4
Total	\$ 27.4	\$ 117.2	\$ —	\$ 144.6

Liabilities				
Commodity price risk management liabilities:				
Financial price risk programs	\$ 1.6	\$ —	\$ 0.1	\$ 1.7
Total	\$ 1.6	\$ —	\$ 0.1	\$ 1.7

Price risk management assets and liabilities include commodity exchange-traded and non-exchange-based derivative contracts. Exchange-traded derivative contracts are based on unadjusted quoted prices in active markets and are classified within Level 1. These financial assets and liabilities are secured with cash on deposit with the exchange; therefore nonperformance risk has not been incorporated into these valuations. Certain non-exchange-traded derivatives are valued using broker or over-the-counter, on-line exchanges. In such cases, these non-exchange-traded derivatives are classified within Level 2. Non-exchange-based derivative instruments include swaps, forwards, and options. In certain instances, these instruments may utilize models to measure fair value. NiSource uses a similar model to value similar instruments. Valuation models utilize various inputs that include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, other observable inputs for the asset or liability, and market-corroborated inputs, i.e., inputs derived principally from or corroborated by observable market data by correlation or other means. Where observable inputs are available for substantially the full term of the asset or liability, the instrument is categorized in Level 2. Certain derivatives trade in less active markets with a lower availability of pricing information and models may be utilized in the valuation. When such inputs have a significant impact on the measurement

[Table of Contents](#)ITEM 1. FINANCIAL STATEMENTS (continued)**NiSource Inc.****Notes to Condensed Consolidated Financial Statements (unaudited) (continued)**

of fair value, the instrument is categorized in Level 3. Credit risk is considered in the fair value calculation of derivative instruments that are not exchange-traded. Credit exposures are adjusted to reflect collateral agreements which reduce exposures. As of March 31, 2014 and December 31, 2013, there were no material transfers between fair value hierarchies. Additionally, there were no changes in the method or significant assumptions used to estimate the fair value of NiSource's financial instruments.

Price risk management assets also include fixed-to-floating interest-rate swaps, which are designated as fair value hedges, as a means to achieve NiSource's targeted level of variable-rate debt as a percent of total debt. NiSource uses a calculation of future cash inflows and estimated future outflows related to the swap agreements, which are discounted and netted to determine the current fair value. Additional inputs to the present value calculation include the contract terms, as well as market parameters such as current and projected interest rates and volatility. As they are based on observable data and valuations of similar instruments, the interest-rate swaps are categorized in Level 2 in the fair value hierarchy. Credit risk is considered in the fair value calculation of the interest rate swap.

Available-for-sale securities are investments pledged as collateral for trust accounts related to NiSource's wholly-owned insurance company. Available-for-sale securities are included within "Other investments" in the Condensed Consolidated Balance Sheets (unaudited). Securities classified within Level 1 include U.S. Treasury debt securities which are highly liquid and are actively traded in over-the-counter markets. NiSource values corporate and mortgage-backed debt securities using a matrix pricing model that incorporates market-based information. These securities trade less frequently and are classified within Level 2. Total gains and losses from available-for-sale securities are included in other comprehensive income (loss). The amortized cost, gross unrealized gains and losses, and fair value of available-for-sale debt securities at March 31, 2014 and December 31, 2013 were:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
March 31, 2014 (<i>in millions</i>)				
Available-for-sale debt securities				
U.S. Treasury	\$ 27.0	\$ 0.2	\$ (0.4)	\$ 26.8
Corporate/Other	93.0	1.2	(0.9)	93.3
Total Available-for-sale debt securities	\$ 120.0	\$ 1.4	\$ (1.3)	\$ 120.1
December 31, 2013 (<i>in millions</i>)				
Available-for-sale debt securities				
U.S. Treasury	\$ 30.3	\$ 0.3	\$ (0.5)	\$ 30.1
Corporate/Other	91.5	1.1	(1.3)	91.3
Total Available-for-sale debt securities	\$ 121.8	\$ 1.4	\$ (1.8)	\$ 121.4

For the three months ended March 31, 2014 and 2013, the net realized gain on the sale of available-for-sale U.S. Treasury debt securities was \$0.1 million and \$0.2 million, respectively. For the three months ended March 31, 2014 and 2013, the net realized gain on sale of available-for-sale Corporate/Other bond debt securities was \$0.1 million and \$0.2 million, respectively.

The cost of maturities sold is based upon specific identification. At March 31, 2014, approximately \$2.6 million of U.S. Treasury debt securities have maturities of less than a year while the remaining securities have maturities of greater than one year. At March 31, 2014, approximately \$4.4 million of Corporate/Other bonds have maturities of less than a year while the remaining securities have maturities of greater than one year.

There are no material items in the fair value reconciliation of Level 3 assets and liabilities measured at fair value on a recurring basis for the three months ended March 31, 2014 and 2013.

Non-recurring Fair Value Measurements. There were no significant non-recurring fair value measurements recorded during the three months ended March 31, 2014.

In January 2013, NiSource sold the service plan and leasing business lines of its Retail Services business. The disposed business lines were included in the Columbia Distribution Operations reporting unit and the NIPSCO Gas Distribution Operations reporting unit. Goodwill associated with the disposed business lines was included in the carrying amount of the business lines in determining the gain on disposal. The amount of the goodwill included in the carrying amount was based on the relative fair values of the

[Table of Contents](#)ITEM 1. FINANCIAL STATEMENTS (continued)**NiSource Inc.****Notes to Condensed Consolidated Financial Statements (unaudited) (continued)**

business lines disposed of and the portion of the reporting units that were retained. The fair value of the disposed business lines was determined by using the selling price of the business lines. The fair value of the reporting units that were retained was determined by a weighted average of income and market approaches. This approach was similar to the process undertaken to calculate the fair value of the reporting units for the goodwill impairment test conducted on May 1, 2012. These approaches are further discussed in NiSource's Annual Report on Form 10-K for the fiscal year ended December 31, 2012 and yield fair values considered to be at Level 3 of the fair value hierarchy. The respective fair value of the disposed business lines was divided by the fair value of the reporting units to which the disposed business lines belonged. These percentages were then applied to those goodwill balances to determine their allocations. As a result of these procedures, NiSource recorded a disposal of goodwill of approximately \$11.0 million during the first quarter of 2013. This amount is included within the "Gain on Disposition of Discontinued Operations - net of taxes" on the Condensed Statements of Consolidated Income (unaudited).

B. Other Fair Value Disclosures for Financial Instruments. The carrying amount of cash and cash equivalents, restricted cash, notes receivable, customer deposits and short-term borrowings is a reasonable estimate of fair value due to their liquid or short-term nature. NiSource's long-term borrowings are recorded at historical amounts unless designated as a hedged item in a fair value hedge.

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate fair value.

Long-term Debt. The fair values of these securities are estimated based on the quoted market prices for the same or similar issues or on the rates offered for securities of the same remaining maturities. Certain premium costs associated with the early settlement of long-term debt are not taken into consideration in determining fair value. These fair value measurements are classified as Level 2 within the fair value hierarchy. For the three months ended March 31, 2014 and 2013, there were no changes in the method or significant assumptions used to estimate the fair value of the financial instruments.

The carrying amount and estimated fair values of financial instruments were as follows:

<i>(in millions)</i>	Carrying Amount as of March 31, 2014	Estimated Fair Value as of March 31, 2014	Carrying Amount as of Dec. 31, 2013	Estimated Fair Value as of Dec. 31, 2013
Long-term debt (including current portion)	\$ 8,169.0	\$ 8,944.1	\$ 8,135.3	\$ 8,697.3

10. Transfers of Financial Assets

Transfers of accounts receivable are accounted for as secured borrowings resulting in the recognition of short-term borrowings on the Condensed Consolidated Balance Sheets (unaudited). The maximum amount of debt that can be recognized related to NiSource's accounts receivable programs is \$515 million.

All accounts receivables sold to the commercial paper conduits are valued at face value, which approximates fair value due to their short-term nature. The amount of the undivided percentage ownership interest in the accounts receivables sold is determined in part by required loss reserves under the agreements. Below is information about the accounts receivable securitization agreements entered into by NiSource's subsidiaries.

Columbia of Ohio is under an agreement to sell, without recourse, substantially all of its trade receivables, as they originate, to CGORC, a wholly-owned subsidiary of Columbia of Ohio. CGORC, in turn, is party to an agreement with BTMU and BNS under the terms of which it sells an undivided percentage ownership interest in its accounts receivable to commercial paper conduits sponsored by BTMU and BNS. This agreement was last renewed on October 18, 2013. The maximum seasonal program limit under the terms of the new agreement remains at \$240 million. The current agreement expires on October 17, 2014, and can be further renewed if mutually agreed to by all parties. As of March 31, 2014, \$240.0 million of accounts receivable had been transferred by CGORC. CGORC is a separate corporate entity from NiSource and Columbia of Ohio, with its own separate obligations, and upon a liquidation of CGORC, CGORC's obligations must be satisfied out of CGORC's assets prior to any value becoming available to CGORC's stockholder.

NIPSCO is under an agreement to sell, without recourse, substantially all of its trade receivables, as they originate, to NARC, a wholly-owned subsidiary of NIPSCO. NARC, in turn, is party to an agreement with PNC and Mizuho under the terms of which it sells an undivided percentage ownership interest in its accounts receivable to commercial paper conduits sponsored by PNC and

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

Mizuho. This agreement was last renewed on August 28, 2013. The maximum seasonal program limit under the terms of the new agreement remains at \$200 million . The current agreement expires on August 27, 2014 , and can be further renewed if mutually agreed to by all parties. As of March 31, 2014 , \$200.0 million of accounts receivable had been transferred by NARC. NARC is a separate corporate entity from NiSource and NIPSCO, with its own separate obligations, and upon a liquidation of NARC, NARC's obligations must be satisfied out of NARC's assets prior to any value becoming available to NARC's stockholder.

Columbia of Pennsylvania is under an agreement to sell, without recourse, substantially all of its trade receivables, as they originate, to CPRC, a wholly-owned subsidiary of Columbia of Pennsylvania. CPRC, in turn, is party to an agreement with BTMU under the terms of which it sells an undivided percentage ownership interest in its accounts receivable to a commercial paper conduit sponsored by BTMU. The maximum seasonal program limit under the terms of the agreement is \$75 million . The agreement with BTMU was renewed on March 11, 2014, having a current scheduled termination date of March 10, 2015 , and can be further renewed if mutually agreed to by both parties. As of March 31, 2014 , \$75.0 million of accounts receivable had been transferred by CPRC. CPRC is a separate corporate entity from NiSource and Columbia of Pennsylvania, with its own separate obligations, and upon a liquidation of CPRC, CPRC's obligations must be satisfied out of CPRC's assets prior to any value becoming available to CPRC's stockholder.

The following table reflects the gross and net receivables transferred as well as short-term borrowings related to the securitization transactions as of March 31, 2014 and December 31, 2013 for Columbia of Ohio, NIPSCO and Columbia of Pennsylvania:

<i>(in millions)</i>	March 31, 2014		December 31, 2013	
Gross Receivables	\$	811.7	\$	610.9
Less: Receivables not transferred		296.7		345.8
Net receivables transferred	\$	515.0	\$	265.1
Short-term debt due to asset securitization	\$	515.0	\$	265.1

Columbia of Ohio, NIPSCO and Columbia of Pennsylvania remain responsible for collecting on the receivables securitized and the receivables cannot be sold to another party.

11. Goodwill

NiSource considered whether there were any events or changes in circumstances subsequent to the annual test that would reduce the fair value of any of the reporting units below their carrying amounts and necessitate another goodwill impairment test. No such indicators were noted that would require a subsequent goodwill impairment testing during the first quarter of 2014.

During the first quarter of 2013, as part of the sale of the service plan and leasing business lines of its Retail Services business, NiSource allocated \$10.0 million of goodwill from Columbia Distribution Operations to the sale and allocated \$ 1.0 million of goodwill from NIPSCO Gas Distribution Operations to the sale. Refer to Note 5 "Discontinued Operations and Assets and Liabilities Held for Sale" for more information.

12. Income Taxes

NiSource's interim effective tax rates reflect the estimated annual effective tax rates for 2014 and 2013 , adjusted for tax expense associated with certain discrete items. The effective tax rates for the three months ended March 31, 2014 and 2013 were 37.9% and 35.4% , respectively. These effective tax rates differ from the Federal tax rate of 35% primarily due to the effects of tax credits, state income taxes, utility rate-making, and other permanent book-to-tax differences. The 2.5% increase from 2013 to 2014 is primarily due to the impact of the Indiana rate change, see below for further information.

On March 25, 2014, the governor of Indiana signed into law Senate Bill 1, which among other things, lowers the corporate income tax rate from 6.5% to 4.9% over six years beginning on July 1, 2015. The reduction in the tax rate will impact deferred income taxes and tax related regulatory assets and liabilities recoverable in the rate-making process. In addition, other deferred tax assets and liabilities, primarily deferred tax assets related to the Indiana net operating loss carry forward, will be reduced to reflect the lower rate at which these temporary differences and tax benefits will be realized. In the first quarter of 2014, NiSource recorded tax expense of \$7.1 million to reflect the effect of this rate change. This expense is largely attributable to the remeasurement of the Indiana net operating loss at the 4.9% rate. The majority of NiSource's tax temporary differences are related to NIPSCO's utility plant. The remeasurement of these temporary differences at 4.9% was recorded as a reduction of a regulatory asset.

[Table of Contents](#)ITEM 1. FINANCIAL STATEMENTS (continued)**NiSource Inc.****Notes to Condensed Consolidated Financial Statements (unaudited) (continued)**

On March 7, 2013, the Congressional Joint Committee on Taxation took no exception to the conclusions reached by the IRS in its 2008-2010 audit examination. Therefore, in the first quarter of 2013, NiSource recognized a federal income tax receivable of \$15.9 million that was related to the 2008 and 2009 tax years and increases in net operating loss carryforwards of \$0.6 million that was related to uncertain tax positions in the 2010-2012 tax years. NiSource received payments of \$75.1 million in March 2013 and \$70.6 million in April 2013 of principal and interest from the IRS related to the audit examination. The recognition of the receivables and net operating loss carryforwards did not materially affect tax expense or net income.

On January 2, 2013, the President signed into law the American Taxpayer Relief Act of 2012 ("ATRA"). ATRA, among other things, extended retroactively the research credit under Internal Revenue Code section 41 until December 31, 2013, and also extended and modified 50% bonus depreciation for 2013. In general, 50% bonus depreciation will be available for property placed in service before January 1, 2014, or in the case of certain property having longer production periods, before January 1, 2015. NiSource recorded the effects of ATRA in the first quarter of 2013. The retroactive extension of the research credit did not have a significant effect on net income.

There were no material changes recorded in the first quarter of 2014 to NiSource's uncertain tax positions as of December 31, 2013 .

13. Pension and Other Postretirement Benefits

NiSource provides defined contribution plans and noncontributory defined benefit retirement plans that cover its employees. Benefits under the defined benefit retirement plans reflect the employees' compensation, years of service and age at retirement. Additionally, NiSource provides health care and life insurance benefits for certain retired employees. The majority of employees may become eligible for these benefits if they reach retirement age while working for NiSource. The expected cost of such benefits is accrued during the employees' years of service. Current rates of rate-regulated companies include postretirement benefit costs, including amortization of the regulatory assets that arose prior to inclusion of these costs in rates. For most plans, cash contributions are remitted to grantor trusts.

For the three months ended March 31, 2014 , NiSource has contributed \$0.7 million to its pension plans and \$9.2 million to its other postretirement benefit plans.

The following table provides the components of the plans' net periodic benefits cost for the three months ended March 31, 2014 and 2013 :

Three Months Ended March 31, (in millions)	Pension Benefits		Other Postretirement Benefits	
	2014	2013	2014	2013
Components of Net Periodic Benefit Cost				
Service cost	\$ 8.7	\$ 9.4	\$ 2.3	\$ 3.0
Interest cost	27.3	24.3	8.2	8.1
Expected return on assets	(45.3)	(42.4)	(9.1)	(7.6)
Amortization of transition obligation	—	—	—	0.1
Amortization of prior service cost (credit)	—	0.1	(0.6)	(0.2)
Recognized actuarial loss	11.9	20.7	—	2.8
Settlement loss	—	20.7	—	—
Total Net Periodic Benefit Costs	\$ 2.6	\$ 32.8	\$ 0.8	\$ 6.2

In 2013, NiSource pension plans had lump sum payouts exceeding the plan's 2013 service cost plus interest cost and, therefore, settlement accounting was required.

[Table of Contents](#)ITEM 1. FINANCIAL STATEMENTS (continued)**NiSource Inc.****Notes to Condensed Consolidated Financial Statements (unaudited) (continued)****14. Variable Interests and Variable Interest Entities**

In general, a VIE is an entity that (1) has an insufficient amount of at-risk equity to permit the entity to finance its activities without additional financial subordinated support provided by any parties, (2) whose at-risk equity owners, as a group, do not have power, through voting rights or similar rights, to direct activities of the entity that most significantly impact the entity's economic performance or (3) whose at-risk owners do not absorb the entity's losses or receive the entity's residual return. A VIE is required to be consolidated by a company if that company is determined to be the primary beneficiary of the VIE.

NiSource consolidates those VIEs for which it is the primary beneficiary. NiSource considers quantitative and qualitative elements in determining the primary beneficiary. Qualitative measures include the ability to control an entity and the obligation to absorb losses or the right to receive benefits.

NiSource's analysis includes an assessment of guarantees, operating leases, purchase agreements, and other contracts, as well as its investments and joint ventures. For items that have been identified as variable interests, or where there is involvement with an identified VIE, an in-depth review of the relationship between the relevant entities and NiSource is made to evaluate qualitative and quantitative factors to determine the primary beneficiary, if any, and whether additional disclosures would be required under the current standard.

NIPSCO has a service agreement with Pure Air, a general partnership between Air Products and Chemicals, Inc. and First Air Partners LP, under which Pure Air provides scrubber services to reduce sulfur dioxide emissions for Units 7 and 8 at the Bailly Generating Station. NiSource has made an exhaustive effort to obtain information needed from Pure Air to determine the status of Pure Air as a VIE. However, NIPSCO has not been able to obtain this information and as a result, it is unclear whether Pure Air is a VIE and if NIPSCO is the primary beneficiary. NIPSCO will continue to request the information required to determine whether Pure Air is a VIE. NIPSCO has no exposure to loss related to the service agreement with Pure Air and payments under this agreement were \$5.4 million and \$5.6 million for the three months ended March 31, 2014 and 2013, respectively.

15. Short-Term Borrowings

On September 30, 2013, NiSource Finance amended its existing revolving credit facility with a syndicate of banks led by Barclays Capital to expand capacity to \$2.0 billion and extend the termination date to September 28, 2018. The purpose of the facility is to fund ongoing working capital requirements including the provision of liquidity support for NiSource's \$1.5 billion commercial paper program, provide for issuance of letters of credit, and also for general corporate purposes. At March 31, 2014, NiSource had no outstanding borrowings under this facility.

NiSource Finance's commercial paper program has a program limit of up to \$1.5 billion with a dealer group comprised of Barclays, Citigroup, Credit Suisse, RBS and Wells Fargo. Commercial paper issuances are supported by available capacity under NiSource's \$2.0 billion unsecured revolving credit facility. At March 31, 2014, NiSource had \$297.5 million of commercial paper outstanding.

As of March 31, 2014, NiSource had \$30.5 million of stand-by letters of credit outstanding of which \$14.3 million were under the revolving credit facility. At December 31, 2013, NiSource had \$31.6 million of stand-by letters of credit outstanding of which \$14.3 million were under the revolving credit facility.

Transfers of accounts receivable are accounted for as secured borrowings resulting in the recognition of short-term debt on the Condensed Consolidated Balance Sheets (unaudited) in the amount of \$515.0 million and \$265.1 million as of March 31, 2014 and December 31, 2013, respectively. Refer to Note 10, "Transfers of Financial Assets," for additional information.

<i>(in millions)</i>	March 31, 2014	December 31, 2013
Commercial Paper weighted average interest rate of 0.55% and 0.70% at March 31, 2014 and December 31, 2013, respectively.	\$ 297.5	\$ 433.6
Accounts receivable securitization facility borrowings	515.0	265.1
Total short-term borrowings	\$ 812.5	\$ 698.7

Given their turnover is less than 90 days, cash flows related to the borrowings and repayments of the items listed above are presented net in the Condensed Statements of Consolidated Cash Flows (unaudited).

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

16. Share-Based Compensation

The stockholders approved and adopted the NiSource Inc. 2010 Omnibus Incentive Plan (the “Omnibus Plan”), at the Annual Meeting of Stockholders held on May 11, 2010. The Omnibus Plan provides for awards to employees and non-employee directors of incentive and nonqualified stock options, stock appreciation rights, restricted stock and restricted stock units, performance shares, performance units, cash-based awards and other stock-based awards. The Omnibus Plan provides that the number of shares of common stock of NiSource available for awards is 8,000,000 plus the number of shares subject to outstanding awards granted under either the 1994 Plan or the Director Plan (described below) that expire or terminate for any reason. No further awards are permitted to be granted under the 1994 Plan or the Director Plan. At March 31, 2014, there were 6,162,981 shares reserved for future awards under the Omnibus Plan.

Prior to May 11, 2010, NiSource issued long-term equity incentive grants to key management employees under a long-term incentive plan approved by stockholders on April 13, 1994 (“1994 Plan”). The types of equity awards previously authorized under the 1994 Plan did not significantly differ from those permitted under the Omnibus Plan.

NiSource recognized stock-based employee compensation expense of \$5.3 million and \$4.2 million for the three months ended March 31, 2014 and 2013, respectively, as well as related tax benefits of \$2.0 million and \$1.5 million, respectively.

As of March 31, 2014, the total remaining unrecognized compensation cost related to nonvested awards amounted to \$31.8 million, which will be amortized over the weighted-average remaining requisite service period of 2.3 years.

Stock Options. As of March 31, 2014, approximately 0.2 million options were outstanding and exercisable with a weighted average strike price of \$22.62. No options were granted during the three months ended March 31, 2014 and 2013. As of March 31, 2014, the aggregate intrinsic value for the options outstanding and exercisable was \$3.1 million. During the three months ended March 31, 2014 and 2013, cash received from the exercise of options was \$3.9 million and \$13.1 million, respectively.

Restricted Stock Units and Restricted Stock. During the three months ended March 31, 2014, NiSource granted 67,594 restricted stock units and shares of restricted stock, subject to service conditions. The total grant date fair value of restricted stock units and shares of restricted stock was \$2.1 million, based on the average market price of NiSource’s common stock at the date of each grant less the present value of any dividends not received during the vesting period, which will be expensed, net of forfeitures, over the vesting period which is generally three years. If the employee terminates employment before the service conditions lapse due to (1) Retirement or Disability (as defined in the award agreement), or (2) death, the employment conditions will lapse with respect to a pro rata portion of the shares of restricted stock and restricted stock units on the date of termination. In the event of a Change-in-Control (as defined in the award agreement), all unvested shares of restricted stock and restricted stock units granted during the three months ended March 31, 2014 will vest upon termination of employment in connection with a Change-in-Control. Termination due to any other reason will result in all unvested shares of restricted stock and restricted stock units awarded being forfeited effective on the employee’s date of termination. As of March 31, 2014, 324,585 nonvested (all of which are expected to vest) restricted stock units and shares of restricted stock were granted and outstanding.

Performance Shares. During the three months ended March 31, 2014, NiSource granted 525,173 performance shares subject to service and performance conditions. The grant date fair value of the awards was \$16.3 million, based on the average market price of NiSource’s common stock at the date of each grant less the present value of dividends not received during the vesting period which will be expensed, net of forfeitures, over the three year requisite service period. The performance conditions are based on achievement of cumulative net operating earnings per share, a non-GAAP financial measure that NiSource defines as income from continuing operations adjusted for certain items; and relative total shareholder return, a non-GAAP market measure that NiSource defines as the annualized growth in the dividends and share price of a share of NiSource’s common stock (calculated using a 20 trading day average of NiSource’s closing price, over a period beginning December 31, 2013 and ending on December 31, 2016) compared to the total shareholder return performance of a predetermined peer group of companies. The service conditions lapse on February 28, 2017 when the shares vest provided the performance criteria are satisfied. In general, if the employee terminates employment before February 28, 2017 due to (1) Retirement or Disability (as defined in the award agreement), or (2) death, the employment conditions will lapse with respect to a pro rata portion of the performance shares payable at target on the date of termination provided the performance criteria are met. In the event of a Change-in-Control (as defined in the award agreement), all unvested performance shares will immediately vest. Termination due to any other reason will result in all performance shares awarded being forfeited effective on the employee’s date of termination. As of March 31, 2014, 1,878,558 nonvested performance shares were granted and outstanding.

[Table of Contents](#)ITEM 1. FINANCIAL STATEMENTS (continued)**NiSource Inc.****Notes to Condensed Consolidated Financial Statements (unaudited) (continued)**

Non-employee Director Awards. As of May 11, 2010, awards to non-employee directors may be made only under the Omnibus Plan. Currently, restricted stock units are granted annually to non-employee directors, subject to a non-employee director's election to defer receipt of such restricted stock unit award. The non-employee director's restricted stock units vest on the last day of the non-employee director's annual term corresponding to the year the restricted stock units were awarded subject to special pro-rata vesting rules in the event of Retirement or Disability (as defined in the award agreement), or death. The vested restricted stock units are payable as soon as practicable following vesting except as otherwise provided pursuant to the non-employee director's election to defer. As of March 31, 2014, 144,578 restricted stock units were outstanding to non-employee directors under the Omnibus Plan.

Only restricted stock units remain outstanding under the prior plan for non-employee directors, the Amended and Restated Non-employee Director Stock Incentive Plan (the "Director Plan"). All such awards are fully vested and shall be distributed to the directors upon their separation from the Board. As of March 31, 2014, 147,845 restricted stock units remained outstanding under the Director Plan and as noted above no further shares may be awarded under the Director Plan.

401(k) Match, Profit Sharing and Company Contribution. NiSource has a voluntary 401(k) savings plan covering eligible employees that allows for periodic discretionary matches as a percentage of each participant's contributions payable in shares of common stock. NiSource also has a retirement savings plan that provides for discretionary profit sharing contributions payable in shares of common stock to eligible employees based on earnings results; and eligible exempt employees hired after January 1, 2010, receive a non-elective company contribution of three percent of eligible pay payable in shares of common stock. For the quarters ended March 31, 2014 and 2013, NiSource recognized 401(k) match, profit sharing and non-elective contribution expense of \$8.5 million and \$6.4 million, respectively.

17. Other Commitments and Contingencies

A. Guarantees and Indemnities. As a part of normal business, NiSource and certain subsidiaries enter into various agreements providing financial or performance assurance to third parties on behalf of certain subsidiaries. Such agreements include guarantees and stand-by letters of credit. These agreements are entered into primarily to support or enhance the creditworthiness otherwise attributed to a subsidiary on a stand-alone basis, thereby facilitating the extension of sufficient credit to accomplish the subsidiaries' intended commercial purposes. The total guarantees and indemnities in existence at March 31, 2014 and the years in which they expire were:

<i>(in millions)</i>	Total	2014	2015	2016	2017	2018	After
Guarantees of subsidiaries debt	\$ 7,710.5	\$ 500.0	\$ 230.0	\$ 616.5	\$ 507.0	\$ 800.0	\$ 5,057.0
Accounts receivable securitization	515.0	515.0	—	—	—	—	—
Lines of credit	297.5	297.5	—	—	—	—	—
Letters of credit	30.5	12.6	17.9	—	—	—	—
Other guarantees	142.4	45.4	35.3	—	—	—	61.7
Total commercial commitments	\$ 8,695.9	\$ 1,370.5	\$ 283.2	\$ 616.5	\$ 507.0	\$ 800.0	\$ 5,118.7

Guarantees of Subsidiaries Debt. NiSource has guaranteed the payment of \$7.7 billion of debt for various wholly-owned subsidiaries including NiSource Finance and Columbia of Massachusetts, and through a support agreement, Capital Markets, which is reflected on NiSource's Condensed Consolidated Balance Sheets (unaudited). The subsidiaries are required to comply with certain covenants under the debt indenture and in the event of default, NiSource would be obligated to pay the debt's principal and related interest. NiSource does not anticipate its subsidiaries will have any difficulty maintaining compliance. On October 3, 2011, NiSource executed a Second Supplemental Indenture to the original Columbia of Massachusetts Indenture dated April 1, 1991, for the specific purpose of guaranteeing Columbia of Massachusetts' outstanding medium-term notes.

Lines and Letters of Credit and Accounts Receivable Advances. On September 30, 2013, NiSource Finance amended its existing revolving credit facility with a syndicate of banks led by Barclays Capital to expand capacity to \$2.0 billion and extend the termination date to September 28, 2018. The purpose of the facility is to fund ongoing working capital requirements including the provision of liquidity support for NiSource's \$1.5 billion commercial paper program, provide for the issuance of letters of credit, and also for general corporate purposes. At March 31, 2014, NiSource had no borrowings under its five-year revolving credit facility, \$297.5 million in commercial paper outstanding and \$515.0 million outstanding under its accounts receivable securitization

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

agreements. At March 31, 2014, NiSource issued stand-by letters of credit of approximately \$30.5 million for the benefit of third parties. See Note 15, "Short-Term Borrowings," for additional information.

Other Guarantees or Obligations. NiSource has additional purchase and sales agreement guarantees totaling \$73.5 million, which guarantee performance of the seller's covenants, agreements, obligations, liabilities, representations and warranties under the agreements. No amounts related to the purchase and sales agreement guarantees are reflected in the Condensed Consolidated Balance Sheets (unaudited). Management believes that the likelihood NiSource would be required to perform or otherwise incur any significant losses associated with any of the aforementioned guarantees is remote.

NiSource has on deposit a letter of credit with Union Bank, N.A., Collateral Agent, in a debt service reserve account in association with Millennium's notes as required under the Deposit and Disbursement Agreement that governs the Millennium notes. This account is to be drawn upon by the note holders in the event that Millennium is delinquent on its principal and interest payments. The value of NiSource's letter of credit represents 47.5% (NiSource's ownership percentage in Millennium) of the debt service reserve account requirement, or \$16.2 million. The total exposure for NiSource is \$16.2 million. NiSource has an accrued liability of \$1.5 million related to the inception date fair value of this guarantee as of March 31, 2014.

NiSource has issued other guarantees supporting derivative related payments associated with interest rate swap agreements issued by NiSource Finance, operating leases for many of its subsidiaries and for other agreements entered into by its current and former subsidiaries.

B. Other Legal Proceedings. In the normal course of its business, NiSource and its subsidiaries have been named as defendants in various legal proceedings. In the opinion of management, the ultimate disposition of these currently asserted claims will not have a material impact on NiSource's consolidated financial statements.

C. Environmental Matters. NiSource operations are subject to environmental statutes and regulations related to air quality, water quality, hazardous waste and solid waste. NiSource believes that it is in substantial compliance with those environmental regulations currently applicable to its operations and believes that it has all necessary permits to conduct its operations.

It is management's continued intent to address environmental issues in cooperation with regulatory authorities in such a manner as to achieve mutually acceptable compliance plans. However, there can be no assurance that fines and penalties will not be incurred. Management expects a significant portion of environmental assessment and remediation costs to be recoverable through rates for certain NiSource companies.

As of March 31, 2014 and December 31, 2013, NiSource had recorded an accrual of approximately \$135.1 million and \$143.9 million, respectively, to cover environmental remediation at various sites. The current portion of this accrual is included in "Legal and environmental" in the Condensed Consolidated Balance Sheets (unaudited). The noncurrent portion is included in "Other noncurrent liabilities" in the Condensed Consolidated Balance Sheets (unaudited). NiSource accrues for costs associated with environmental remediation obligations when the incurrence of such costs is probable and the amounts can be reasonably estimated. The original estimates for cleanup can differ materially from the amount ultimately expended. The actual future expenditures depend on many factors, including currently enacted laws and regulations, the nature and extent of contamination, the method of cleanup, and the availability of cost recovery from customers. These expenditures are not currently estimable at some sites. NiSource periodically adjusts its accrual as information is collected and estimates become more refined.

Air

The actions listed below could require further reductions in emissions from various emission sources. NiSource will continue to closely monitor developments in these matters.

Climate Change. Future legislative and regulatory programs could significantly restrict emissions of GHGs or could impose a cost or tax on GHG emissions.

In the first quarter of 2012, the EPA proposed an output-based carbon standard for new power plants. On September 20, 2013, the EPA announced withdrawal of the proposed standard and released a new proposal. The newly proposed standard would, for the first time, set national limits on the amount of carbon emissions allowed from new power plants. Compliance for new coal-fired plants may need to include capture and sequestration of carbon dioxide at coal-fired power plants. In addition, the EPA stated that it intends to regulate existing sources with a proposed rule in 2014.

If the EPA develops a GHG new source performance standard for existing units or if a federal or state comprehensive climate change bill were to be enacted into law, the impact on NiSource's financial performance would depend on a number of factors,

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

including the overall level of required GHG reductions, the degree to which offsets may be used for compliance, and the amount of recovery allowed from customers. Comprehensive federal or state GHG regulation could result in additional expense or compliance costs that may not be fully recoverable from customers and could materially impact NiSource's financial results.

National Ambient Air Quality Standards . The CAA requires the EPA to set national air quality standards (the NAAQS) for particulate matter and five other pollutants considered harmful to public health and the environment. Periodically the EPA imposes new or modifies existing NAAQS. States that contain areas that do not meet the new or revised standards must take steps to maintain or achieve compliance with the standards. These steps could include additional pollution controls on boilers, engines, turbines, and other facilities owned by electric generation, gas distribution, and gas transmission operations.

The following NAAQS were recently added or modified:

Particulate Matter: In December 2009, the EPA issued area designations for the 2006 24-hour PM_{2.5} standard, and several counties in which NiSource operates were designated as non-attainment. In addition, a final rule was promulgated in December 2012 that lowered the annual PM_{2.5} standard from 15 to 12 µg/m³. NiSource will continue to monitor these matters and cannot estimate their impact at this time.

Ozone (eight hour): On September 2, 2011, the EPA announced it would implement its 2008 eight-hour ozone NAAQS rather than tightening the standard in 2012. The EPA will review, and possibly propose a new standard in 2014. In addition, the EPA has designated the Chicago metropolitan area, including the area in which NIPSCO operates one of its electric generation facilities, as non-attainment for ozone. NiSource will continue to monitor this matter and cannot estimate the impact of any new rules at this time.

Nitrogen Dioxide (NO₂): The EPA revised the NO₂ NAAQS by adding a one-hour standard while retaining the annual standard. The new standard could impact some NiSource combustion sources. The EPA designated all areas of the country as unclassifiable/attainment in January 2012. After the establishment of a new monitoring network and possible modeling implementation, areas will potentially be re-designated sometime in 2016. States with areas that do not meet the standard will be required to develop rules to bring areas into compliance within five years of designation. Additionally, under certain permitting circumstances emissions from some existing NiSource combustion sources may need to be assessed and mitigated. NiSource will continue to monitor this matter and cannot estimate the impact of these rules at this time.

Waste

NiSource subsidiaries are potentially responsible parties at waste disposal sites under the CERCLA (commonly known as Superfund) and similar state laws. Additionally, a program has been instituted to identify and investigate former MGP sites where Gas Distribution Operations subsidiaries or predecessors may have liability. The program has identified 67 such sites where liability is probable. Remedial actions at many of these sites are being overseen by state or federal environmental agencies through consent agreements or voluntary remediation agreements.

NiSource utilizes a probabilistic model to estimate its future remediation costs related to its MGP sites. The model was prepared with the assistance of a third party and incorporates NiSource and general industry experience with remediating MGP sites. NiSource completes an annual refresh of the model in the second quarter of each fiscal year. No material changes to the estimated liability were noted as a result of the refresh completed as of June 30, 2013. The total estimated liability at NiSource related to the facilities subject to remediation was \$123.2 million and \$129.5 million at March 31, 2014 and December 31, 2013, respectively. The liability represents NiSource's best estimate of the probable cost to remediate the facilities. NiSource believes that it is reasonably possible that remediation costs could vary by as much as \$25 million in addition to the costs noted above. Remediation costs are estimated based on the best available information, applicable remediation standards at the balance sheet date, and experience with similar facilities.

Additional Issues Related to Individual Business Segments

The sections below describe various regulatory actions that affect Columbia Pipeline Group Operations and Electric Operations.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

Columbia Pipeline Group Operations.

Waste

Columbia Transmission continues to conduct characterization and remediation activities at specific sites under a 1995 AOC (subsequently modified in 1996 and 2007). NiSource utilizes a probabilistic model to estimate its future remediation costs related to the 1995 AOC. The model was prepared with the assistance of a third party and incorporates NiSource and general industry experience with remediating sites. NiSource completes an annual refresh of the model in the second quarter of each fiscal year. No material changes to the liability were noted as a result of the refresh completed as of June 30, 2013. The total remaining liability at Columbia Transmission related to the facilities subject to remediation was \$6.4 million and \$8.7 million at March 31, 2014 and December 31, 2013, respectively. The liability represents Columbia Transmission's best estimate of the cost to remediate the facilities or manage the sites. Remediation costs are estimated based on the information available, applicable remediation standards, and experience with similar facilities. Columbia Transmission expects that the remediation for these facilities will be substantially completed in 2015.

Electric Operations.

Air

NIPSCO is subject to a number of new air-quality mandates in the next several years. These mandates require NIPSCO to make capital improvements to its electric generating stations. The cost of capital improvements is estimated to be \$860 million, of which approximately \$240.0 million remains to be spent. This figure includes additional capital improvements associated with the New Source Review Consent Decree and the Utility Mercury and Air Toxics Standards Rule. NIPSCO believes that the capital costs will likely be recoverable from ratepayers.

EPA Cross-State Air Pollution Rule / Clean Air Interstate Rule (CAIR) / Transport Rule: On July 6, 2011, the EPA announced its replacement for the 2005 CAIR to reduce the interstate transport of fine particulate matter and ozone. The CSAPR reduces overall emissions of SO₂ and NO_x by setting state-wide caps on power plant emissions. The CSAPR limits emissions, including NIPSCO's, and restricted emission allowance trading programs were scheduled to begin in 2012. In a decision issued on August 21, 2012 the D.C. Circuit Court vacated the CSAPR leaving the CAIR trading program provisions and requirements in place. The EPA subsequently petitioned for a writ of certiorari, and the United States Supreme Court granted this writ. Oral arguments were held on December 10, 2013, and a decision is expected in 2014. These developments do not significantly impact NIPSCO's current emissions control plans. NIPSCO utilizes the inventory model in accounting for emission allowances issued under the CAIR program whereby these allowances were recognized at zero cost upon receipt from the EPA. NIPSCO believes its current multi-pollutant compliance plan and New Source Review Consent Decree capital investments will allow NIPSCO to meet the emission requirements of CAIR, while a replacement for CSAPR is developed to address the court's decision.

Utility Mercury and Air Toxics Standards Rule: On December 16, 2011, the EPA finalized the MATS rule establishing new emissions limits for mercury and other air toxics. Compliance for NIPSCO's affected units is required by April 2016. NIPSCO is implementing an IURC-approved plan for environmental controls to comply with MATS.

New Source Review: On September 29, 2004, the EPA issued an NOV to NIPSCO for alleged violations of the CAA and the Indiana SIP. The NOV alleged that modifications were made to certain boiler units at three of NIPSCO's generating stations between the years 1985 and 1995 without obtaining appropriate air permits for the modifications. NIPSCO, the EPA, the Department of Justice, and IDEM have settled the matter through a consent decree, entered on July 22, 2011.

Water

The Phase II Rule of the Clean Water Act Section 316(b), which requires all large existing steam electric generating stations to meet certain performance standards to reduce the effects on aquatic organisms at their cooling water intake structures, became effective on September 7, 2004. Under this rule, stations will either have to demonstrate that the performance of their existing fish protection systems meet the new standards or develop new systems, such as a closed-cycle cooling tower. Various court challenges and EPA responses ensued. A final rule is expected to be issued in May 2014. NIPSCO will continue to monitor this matter but cannot estimate the cost of compliance at this time.

[Table of Contents](#)ITEM 1. FINANCIAL STATEMENTS (continued)**NiSource Inc.****Notes to Condensed Consolidated Financial Statements (unaudited) (continued)**

On June 7, 2013, the EPA published a proposed rule to amend the effluent limitations guidelines and standards for the Steam Electric Power Generating category. These proposed regulations could impose new water treatment requirements on NIPSCO's electric generating facilities. NIPSCO will continue to monitor developments in this matter and cannot estimate the cost of compliance at this time.

Waste

On June 21, 2010, the EPA published a proposed rule for regulation of CCRs. The proposal outlines multiple regulatory approaches that the EPA is considering. These proposed regulations could negatively affect NIPSCO's ongoing byproduct reuse programs and would impose additional requirements on its management of coal combustion residuals. NIPSCO will continue to monitor developments in this matter and cannot estimate the cost of compliance at this time.

D. Other Matters. On November 23, 2012, while Columbia of Massachusetts was investigating the source of an odor of gas at a service location in Springfield, Massachusetts, a gas service line was pierced and an explosion occurred. While this explosion impacted multiple buildings and resulted in several injuries, no life threatening injuries or fatalities have been reported. Columbia of Massachusetts is fully cooperating with both the Massachusetts DPU and the Occupational Safety & Health Administration in their investigations of this incident. Columbia of Massachusetts believes any costs associated with damages, injuries, and other losses related to this incident are substantially covered by insurance. Any amounts not covered by insurance are not expected to have a material impact on NiSource's consolidated financial statements. In accordance with GAAP, NiSource recorded any accruals and the related insurance recoveries resulting from this incident on a gross basis within the Condensed Consolidated Balance Sheets (unaudited).

18. Accumulated Other Comprehensive Loss

The following tables display the components of Accumulated Other Comprehensive Loss for the three months ended March 31, 2014 and 2013 :

Three Months Ended March 31, 2014 (in millions)	Gains and Losses on Securities ⁽¹⁾	Gains and Losses on Cash Flow Hedges ⁽¹⁾	Pension and OPEB Items ⁽¹⁾	Accumulated Other Comprehensive Loss ⁽¹⁾
Balance as of January 1, 2014	\$ (0.3)	\$ (25.8)	\$ (17.5)	\$ (43.6)
Other comprehensive income before reclassifications	0.5	0.1	—	0.6
Amounts reclassified from accumulated other comprehensive income	(0.2)	0.5	0.2	0.5
Net current-period other comprehensive income	0.3	0.6	0.2	1.1
Balance as of March 31, 2014	\$ —	\$ (25.2)	\$ (17.3)	\$ (42.5)

Three Months Ended March 31, 2013 (in millions)	Gains and Losses on Securities ⁽¹⁾	Gains and Losses on Cash Flow Hedges ⁽¹⁾	Pension and OPEB Items ⁽¹⁾	Accumulated Other Comprehensive Loss ⁽¹⁾
Balance as of January 1, 2013	\$ 2.6	\$ (28.6)	\$ (39.5)	\$ (65.5)
Other comprehensive income before reclassifications	(0.1)	0.1	1.3	1.3
Amounts reclassified from accumulated other comprehensive income	(0.3)	0.8	1.4	1.9
Net current-period other comprehensive income	(0.4)	0.9	2.7	3.2
Balance as of March 31, 2013	\$ 2.2	\$ (27.7)	\$ (36.8)	\$ (62.3)

⁽¹⁾ All amounts are net of tax. Amounts in parentheses indicate debits.

Equity Investment

As Millennium is an equity method investment, NiSource is required to recognize a proportional share of Millennium's OCI. The remaining unrecognized loss at March 31, 2014 of \$17.4 million, net of tax, related to terminated interest rate swaps is being amortized over the period ending June 2025 into earnings using the effective interest method through interest expense as interest payments are made by Millennium. The unrecognized loss of \$17.4 million and \$17.7 million at March 31, 2014 and December 31, 2013, respectively, is included in gains and losses on cash flow hedges above.

[Table of Contents](#)ITEM 1. FINANCIAL STATEMENTS (continued)**NiSource Inc.****Notes to Condensed Consolidated Financial Statements (unaudited) (continued)****19. Business Segment Information**

Operating segments are components of an enterprise for which separate financial information is available and evaluated regularly by the chief operating decision maker in deciding how to allocate resources and assess performance. NiSource's Chief Executive Officer is the chief operating decision maker.

At March 31, 2014, NiSource's operations are divided into three primary business segments. The Gas Distribution Operations segment provides natural gas service and transportation for residential, commercial and industrial customers in Ohio, Pennsylvania, Virginia, Kentucky, Maryland, Indiana and Massachusetts. The Columbia Pipeline Group Operations segment offers gas transportation and storage services for LDCs, marketers and industrial and commercial customers located in northeastern, mid-Atlantic, midwestern and southern states along with unregulated businesses that include midstream services and development of mineral rights positions. The Electric Operations segment provides electric service in 20 counties in the northern part of Indiana.

The following table provides information about business segments. NiSource uses operating income as its primary measurement for each of the reported segments and makes decisions on finance, dividends and taxes at the corporate level on a consolidated basis. Segment revenues include intersegment sales to affiliated subsidiaries, which are eliminated in consolidation. Affiliated sales are recognized on the basis of prevailing market, regulated prices or at levels provided for under contractual agreements. Operating income is derived from revenues and expenses directly associated with each segment.

<i>(in millions)</i>	Three Months Ended March 31,	
	2014	2013
REVENUES		
Gas Distribution Operations		
Unaffiliated	\$ 1,565.4	\$ 1,144.9
Intersegment	0.2	0.2
Total	1,565.6	1,145.1
Columbia Pipeline Group Operations		
Unaffiliated	303.2	258.4
Intersegment	42.4	43.0
Total	345.6	301.4
Electric Operations		
Unaffiliated	450.2	377.4
Intersegment	0.2	0.2
Total	450.4	377.6
Corporate and Other		
Unaffiliated	1.7	1.5
Intersegment	126.8	121.7
Total	128.5	123.2
Eliminations	(169.6)	(165.1)
Consolidated Gross Revenues	\$ 2,320.5	\$ 1,782.2
Operating Income (Loss)		
Gas Distribution Operations	\$ 301.8	\$ 234.1
Columbia Pipeline Group Operations	158.9	133.5
Electric Operations	78.9	65.2
Corporate and Other	(5.9)	(3.9)
Consolidated Operating Income	\$ 533.7	\$ 428.9

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

20. Supplemental Cash Flow Information

The following table provides additional information regarding NiSource's Condensed Statements of Consolidated Cash Flows (unaudited) for the three months ended March 31, 2014 and 2013 :

<i>(in millions)</i>	Three Months Ended March 31,	
	2014	2013
Supplemental Disclosures of Cash Flow Information		
Non-cash transactions:		
Capital expenditures included in current liabilities	\$ 131.4	\$ 114.3
Assets acquired under a capital lease	51.6	2.1
Schedule of interest and income taxes paid:		
Cash paid for interest, net of interest capitalized amounts	\$ 167.7	\$ 161.8
Cash paid for income taxes	6.8	2.9

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

NiSource Inc.

Note regarding forward-looking statements

The Management's Discussion and Analysis, including statements regarding market risk sensitive instruments, contains "forward-looking statements," within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Investors and prospective investors should understand that many factors govern whether any forward-looking statement contained herein will be or can be realized. Any one of those factors could cause actual results to differ materially from those projected. These forward-looking statements include, but are not limited to, statements concerning NiSource's plans, objectives, expected performance, expenditures and recovery of expenditures through rates, stated on either a consolidated or segment basis, and any and all underlying assumptions and other statements that are other than statements of historical fact. From time to time, NiSource may publish or otherwise make available forward-looking statements of this nature. All such subsequent forward-looking statements, whether written or oral and whether made by or on behalf of NiSource, are also expressly qualified by these cautionary statements. All forward-looking statements are based on assumptions that management believes to be reasonable; however, there can be no assurance that actual results will not differ materially.

Realization of NiSource's objectives and expected performance is subject to a wide range of risks and can be adversely affected by, among other things, weather, fluctuations in supply and demand for energy commodities, growth opportunities for NiSource's businesses, increased competition in deregulated energy markets, the success of regulatory and commercial initiatives, dealings with third parties over whom NiSource has no control, actual operating experience of NiSource's assets, the regulatory process, regulatory and legislative changes, the impact of potential new environmental laws or regulations, the results of material litigation, changes in pension funding requirements, changes in general economic, capital and commodity market conditions, counterparty credit risk, and the matters set forth in the "Risk Factors" section of NiSource's 2013 Form 10-K, many of which are beyond the control of NiSource. In addition, the relative contributions to profitability by each segment, and the assumptions underlying the forward-looking statements relating thereto, may change over time. NiSource expressly disclaims a duty to update any of the forward-looking statements contained in this report.

The following Management's Discussion and Analysis of Financial Conditions and Results of Operations should be read in conjunction with NiSource's Annual Report on Form 10-K for the fiscal year ended December 31, 2013 .

CONSOLIDATED REVIEW

Executive Summary

NiSource (the "Company") is an energy holding company under the Public Utility Holding Company Act of 2005 whose subsidiaries are engaged in the transmission, storage and distribution of natural gas in the high-demand energy corridor stretching from the Gulf Coast through the Midwest to New England and the generation, transmission and distribution of electricity in Indiana. NiSource generates virtually 100% of its operating income through these rate-regulated businesses. A significant portion of NiSource's operations is subject to seasonal fluctuations in sales. During the heating season, which is primarily from November through March, net revenues from gas sales are more significant, and during the cooling season, which is primarily from June through September, net revenues from electric sales and transportation services are more significant, than in other months.

For the three months ended March 31, 2014 , NiSource reported income from continuing operations of \$266.4 million , or \$0.85 per basic share, compared to \$216.0 million , or \$0.69 per basic share reported for the same period in 2013.

The increase in income from continuing operations was due primarily to the following items:

- Regulatory and service programs at Gas Distributions Operations increased net revenues by \$40.1 million primarily due to the impacts of the rate settlement in 2013 at Columbia of Pennsylvania and the implementation of rates under Columbia of Ohio's approved infrastructure replacement program. Refer to Note 8, "Regulatory Matters," to the Consolidated Financial Statements included in NiSource's Annual Report on Form 10-K for the fiscal year ended December 31, 2013 for more information.
- Colder weather in 2014 resulted in an increase in income from continuing operations of \$25.4 million compared to the prior year. Weather statistics are provided in the Gas Distribution Operations' segment discussion.
- The recognition of previously deferred gains of \$17.5 million from the conveyances of mineral interests at Columbia Pipeline Group Operations.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

(continued)

NiSource Inc.

These increases to income from continuing operations were partially offset by the following:

- Employee and administrative expense increased by \$15.5 million due primarily to the timing of outages and maintenance, greater labor expense due to a growing workforce and reduced payroll capitalization, and IT support and enhancement projects.

These factors and other impacts to the financial results are discussed in more detail within the following discussions of "Results of Operations" and "Results and Discussion of Segment Operations."

Platform for Growth

NiSource's business plan will continue to center on commercial and regulatory initiatives; commercial growth and expansion of the gas transmission and storage business; financial management of the balance sheet; and cost and process excellence.

Commercial and Regulatory Initiatives

NiSource is moving forward on regulatory initiatives across several distribution company markets. Whether through full rate case filings or other approaches, NiSource's goal is to develop strategies that benefit all stakeholders as it addresses changing customer conservation patterns, develops more contemporary pricing structures, and embarks on long-term investment programs to enhance its infrastructure.

NIPSCO continued to focus on customer service, reliability and long-term growth and modernization initiatives during the first quarter, while executing on significant environmental investments.

- Two remaining FGD projects at NIPSCO's coal-fired electric generating facilities remain on schedule and on budget. The FGD investments are part of approximately \$860 million in environmental investments, including water quality and emission-control projects, recently completed and planned at NIPSCO's electric generating facilities. One project is expected to be completed by the end of 2014 and the other by the end of 2015.
- NIPSCO also has initiated the first year of investments under the company's electric system modernization program, referred to as TDSIC, approved in February 2014 by the IURC. The \$1.1 billion, seven-year program, provides for the replacement and upgrade of underground circuits, transformers and poles, helping increase system reliability and deliver economic development benefits to the region. NIPSCO also has filed a complementary seven-year, \$710 million natural gas modernization program, with a decision from the IURC expected by the second quarter of 2014.
- Progress also continued on two major NIPSCO electric transmission projects designed to enhance system flexibility and reliability. The Reynolds-Topeka project, a 100-mile, 345-kV line, remains on schedule with right-of-way acquisition in process. The Greentown-Reynolds project, a 66-mile, 765-kV line, is a joint project with Pioneer Transmission. Public outreach on the Greentown-Reynolds line continues, with the anticipated route selection, and subsequent right-of-way acquisition, beginning later this year. The projects involve a NIPSCO investment of approximately \$500 million and are anticipated to be in service by the end of 2018.

NiSource's Gas Distribution companies continue to deliver strong results from their strategy of aligning long-term infrastructure replacement and enhancement programs with a variety of complementary customer programs and regulatory initiatives.

- On April 23, 2014, Columbia of Ohio received approval of its annual IRP and DSM rider request from the PUCO. The program supports the company's accelerated pipeline replacement program that began approximately six years ago. New rates are effective April 30, 2014.
- On February 28, 2014, the Massachusetts DPU issued an order on the Columbia of Massachusetts base rate case. The order provides for an annual revenue increase of approximately \$19.3 million.
- On March 21, 2014, Columbia of Pennsylvania filed a rate case with the Pennsylvania PUC to support continuation of Columbia of Pennsylvania's ongoing infrastructure modernization program. If approved, the case would increase annual revenues by approximately \$54.1 million. A decision is expected in the fourth quarter of 2014.

Refer to Note 7, "Regulatory Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for a complete discussion of regulatory and commercial matters.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

(continued)

NiSource Inc.

Modernization, Commercial Growth and Expansion of the Columbia Pipeline Group Operations

Columbia Pipeline Group Operations continues to make progress on its long-term infrastructure modernization program, as well as a series of midstream and core growth initiatives tied to NiSource's asset position in the Utica and Marcellus Shale production regions.

- Columbia Transmission is on track with the second year of its long-term system modernization program. Under the program, Columbia Transmission will invest approximately \$300 million annually in improvements to system reliability, safety and flexibility. Columbia Transmission and its customers have agreed to the initial five years of the comprehensive modernization program, with an opportunity to mutually extend the agreement. The overall program is expected to last 10 years or more and involves an aggregate investment in excess of \$4 billion.
- NiSource Midstream will construct a field gathering system in Pennsylvania that will gather well pad production of primarily dry gas from a third party producer. Pipeline laterals will be built to connect well pads as drilling is developed. The \$120 million investment will include approximately 25 miles miles of gathering pipelines of varying diameter, a compressor station and dehydration unit. The gas gathering agreement has an initial 15-year term with the option to extend. Construction is expected to begin in late 2014, with an in service date during the fourth quarter of 2015.
- Millennium completed a new approximately \$40 million compressor facility in Delaware County, New York, which went into service in March 2014. NiSource owns a 47.5% interest in Millennium.
- Columbia Pipeline Group Operations also remains on track with the execution of significant new supply-driven and market-driven growth projects, including the previously announced Warren County, West Side Expansion, Giles County and Line 1570 projects. These projects, which will provide total additional pipeline capacity of approximately 900 MMcf per day, are scheduled to be in service by the end of 2014. The approximately \$275 million East Side project remains on budget and on schedule for completion in the third quarter of 2015.

Financial Management of the Balance Sheet

On January 31, 2014, Moody's Investors Service upgraded the senior unsecured rating for NiSource to Baa2 from Baa3 and NiSource's commercial paper rating to P-2 from P-3. Additionally, the rating for NIPSCO was upgraded to Baa1 from Baa2.

Ethics and Controls

NiSource has had a long-term commitment to providing accurate and complete financial reporting as well as high standards for ethical behavior by its employees. NiSource's senior management takes an active role in the development of this Form 10-Q and the monitoring of the company's internal control structure and performance. In addition, NiSource will continue its mandatory ethics training program for all employees.

Refer to "Controls and Procedures" included in Item 4.

Results of Operations

Quarter Ended March 31, 2014

Net Income

NiSource reported net income of \$266.2 million , or \$0.85 per basic share, for the three months ended March 31, 2014 , compared to net income of \$260.5 million , or \$0.84 per basic share, for the first quarter of 2013 . Income from continuing operations was \$266.4 million , or \$0.85 per basic share, for the three months ended March 31, 2014 , compared to income from continuing operations of \$216.0 million , or \$0.69 per basic share, for the first quarter of 2013 . Operating income was \$533.7 million , an increase of \$104.8 million from the same period in 2013 . All per share amounts are basic earnings per share. Basic average shares of common stock outstanding at March 31, 2014 were 314.2 million compared to 311.1 million at March 31, 2013 .

Comparability of line item operating results between quarterly periods is impacted by regulatory and tax trackers that allow for the recovery in rates of certain costs such as bad debt expenses. Therefore, increases in these tracked operating expenses are offset by increases in net revenues and have essentially no impact on income from continuing operations.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

(continued)

NiSource Inc.

Net Revenues

Total consolidated net revenues (gross revenues less cost of sales) for the quarter ended March 31, 2014, were \$1,259.2 million, a \$153.0 million increase from the same period last year. This increase in net revenues was primarily due to increased Gas Distribution Operations' net revenues of \$91.3 million, higher Columbia Pipeline Group Operations' net revenues of \$44.2 million and increased Electric Operations' net revenues of \$17.3 million.

- Columbia Pipeline Group Operations' net revenues increased primarily due to higher regulatory trackers, which are offset in expense, of \$24.5 million, increased demand and commodity revenue of \$9.9 million as a result of growth projects placed in service and an increase in mineral rights royalty revenue of \$7.1 million.
- Gas Distribution Operations' net revenues increased primarily due to an increase of \$40.1 million for regulatory and service programs, including the impacts of the rate settlement in 2013 at Columbia of Pennsylvania and the implementation of rates under Columbia of Ohio's approved infrastructure replacement program, the effects of colder weather of \$21.0 million, increased regulatory and tax trackers, which are offset in expense, of \$16.3 million, higher residential and commercial usage of \$5.9 million, an increase in off-system sales of \$3.4 million, higher revenue of \$3.0 million due to an increase in residential and commercial customers and an increase in large customer revenue of \$2.2 million. These increases were partially offset by a decrease of \$4.8 million resulting from NIPSCO's GCIM.
- Electric Operations' net revenues increased primarily due to an increase in off-system sales of \$9.5 million, higher industrial usage of \$8.6 million, an increase in the return on the environmental capital investment recovery of \$8.1 million due to an increased plant balance eligible for recovery, and the effects of colder weather of \$4.4 million. These increases were partially offset by a decrease in transmission upgrade revenue of \$6.3 million, decreased trackers, which are offset in expense, of \$5.1 million and lower residential and commercial usage of \$2.2 million.

Operating Expenses

Operating expenses for the first quarter of 2014 were \$735.3 million, an increase of \$50.9 million from the 2013 period. This increase was primarily due to higher operation and maintenance expenses of \$46.9 million, increased other taxes of \$14.4 million and higher depreciation and amortization of \$5.1 million. These increases were partially offset by an increase in the gain on sale of assets of \$15.5 million. The increase in operation and maintenance expenses was primarily due to increased regulatory trackers, which are offset in net revenue, of \$33.2 million and higher employee and administrative costs of \$15.5 million. These increases were partially offset by a decrease in outside service costs of \$5.1 million. The increase in other taxes is primarily due to higher property and other taxes of \$8.4 million and increased tax trackers, which are offset in net revenue, of \$6.0 million. The increase in depreciation and amortization is primarily due to higher capital expenditures placed in service. The increase in gain on sale of assets primarily relates to recognized gains of \$17.5 million resulting from conveyances of mineral interests at Columbia Pipeline Group Operations.

Equity Earnings in Unconsolidated Affiliates

Equity Earnings in Unconsolidated Affiliates were \$9.8 million during the first quarter of 2014 compared to \$7.1 million for the first quarter of 2013. Equity Earnings in Unconsolidated Affiliates includes investments in Millennium, Hardy Storage and Pennant, which are integral to the Columbia Pipeline Group Operations' business. Equity earnings increased primarily from increased earnings at Millennium.

Other Income (Deductions)

Other Income (Deductions) reduced income by \$104.6 million in the first quarter of 2014 compared to a reduction in income of \$94.5 million in the prior year. The increase in deductions is primarily due to an increase in interest expense of \$10.5 million resulting from the issuance of \$500.0 million of long-term debt in October 2013 and the issuance of \$750.0 million of long-term debt in April 2013, partially offset by the maturity of \$420.3 million of long-term debt in March 2013.

Income Taxes

Income tax expense for the quarter ended March 31, 2014 was \$162.7 million compared to \$118.4 million in the prior year. NiSource's interim effective tax rates reflect the estimated annual effective tax rates for 2014 and 2013, adjusted for tax expense associated with certain discrete items. The effective tax rates for the quarters ended March 31, 2014 and 2013 were 37.9% and 35.4%, respectively. These effective tax rates differ from the Federal tax rate of 35% primarily due to the effects of tax credits, state income taxes, utility rate-making, and other permanent book-to-tax differences. The 2.5% increase from 2013 to 2014 is primarily due to the impact of the Indiana rate change. Refer to Note 12, "Income Taxes," in the Notes to Consolidated Financial Statements (unaudited) for further discussion of income taxes.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

(continued)

NiSource Inc.

Discontinued Operations

There was a net loss of \$0.2 million in the first quarter of 2014 from discontinued operations compared to net income of \$8.1 million in the first quarter of 2013 . The net income in 2013 relates primarily to a settlement at NiSource's former exploration and production subsidiary, CER. A gain on the disposition of discontinued operations of \$36.4 million was recorded in the first quarter of 2013 as a result of a gain on the sale of the service plan and leasing business lines of NiSource's Retail Services business.

Liquidity and Capital Resources

A significant portion of NiSource's operations, most notably in the gas distribution, gas transportation and electric businesses, are subject to seasonal fluctuations in cash flow. During the heating season, which is primarily from November through March, cash receipts from gas sales and transportation services typically exceed cash requirements. During the summer months, cash on hand, together with the seasonal increase in cash flows from the electric business during the summer cooling season and external short-term and long-term financing, is used to purchase gas to place in storage for heating season deliveries and perform necessary maintenance of facilities. NiSource believes that through income generated from operating activities, amounts available under its short-term revolver, commercial paper program and long-term debt agreements and NiSource's ability to access the capital markets, there is adequate capital available to fund its operating activities and capital expenditures in 2014 .

Operating Activities

Net cash from operating activities for the three months ended March 31, 2014 was \$394.0 million , a decrease of \$55.1 million compared to the three months ended March 31, 2013 . The decrease in net cash from operating activities was primarily attributable to an income tax refund received in 2013. No income tax refunds were received in 2014.

Pension and Other Postretirement Plan Funding. NiSource expects to make contributions of approximately \$38.3 million to its pension plans and approximately \$39.1 million to its other postretirement benefit plans in 2014 , which could change depending on market conditions. For the three months ended March 31, 2014 , NiSource has contributed \$0.7 million to its pension plans and \$9.2 million to its other postretirement benefit plans.

Investing Activities

NiSource's capital expenditures for the three months ended March 31, 2014 were \$386.3 million , compared to \$369.3 million for the comparable period in 2013 . This increased spending is mainly due to continued spending on infrastructure replacement programs in the Gas Distributions Operations segment, higher spending in the Columbia Pipeline Group Operations segment for various growth projects primarily in the Marcellus and Utica Shale areas and for expenditures under its modernization program and increased expenditures in the Electric Operations segment due to TDSIC and other tracker program spend. NiSource projects 2014 capital expenditures to be approximately \$2.2 billion .

Restricted cash was \$10.9 million and \$8.0 million as of March 31, 2014 and December 31, 2013 , respectively.

Contributions to equity investees increased \$13.9 million due to higher contributions made by NiSource Midstream to Pennant. Refer to the Columbia Pipeline Group Operations segment discussion in the Management's Discussion and Analysis of Financial Conditions and Results of Operations for information on these contributions.

Financing Activities

Credit Facilities. On September 30, 2013, NiSource Finance amended its existing revolving credit facility with a syndicate of banks led by Barclays Capital to expand its borrowing capacity to \$2.0 billion and extend the termination date to September 28, 2018. The purpose of the facility is to fund ongoing working capital requirements including the provision of liquidity support for NiSource's \$1.5 billion commercial paper program, provide for issuance of letters of credit, and also for general corporate purposes.

NiSource Finance's commercial paper program has a program limit of up to \$1.5 billion with a dealer group comprised of Barclays, Citigroup, Credit Suisse, RBS and Wells Fargo. Commercial paper issuances are supported by available capacity under NiSource's \$2.0 billion unsecured revolving credit facility.

NiSource Finance had no borrowings outstanding under its revolving credit facility at March 31, 2014 and December 31, 2013 . In addition, NiSource Finance had \$297.5 million in commercial paper outstanding at March 31, 2014 , at a weighted average interest rate of 0.55% and \$433.6 million in commercial paper outstanding at December 31, 2013 , at a weighted average interest rate of 0.70% .

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

(continued)

NiSource Inc.

As of March 31, 2014 and December 31, 2013, NiSource had \$515.0 million and \$265.1 million, respectively, of short-term borrowings recorded on the Condensed Consolidated Balance Sheets (unaudited) and cash from financing activities in the same amount relating to its accounts receivable securitization facilities. See Note 10, "Transfers of Financial Assets," to the Condensed Consolidated Financial Statements (unaudited).

As of March 31, 2014, NiSource had \$30.5 million of stand-by letters of credit outstanding of which \$14.3 million were under the revolving credit facility. At December 31, 2013, NiSource had \$31.6 million of stand-by letters of credit outstanding of which \$14.3 million were under the revolving credit facility.

As of March 31, 2014, an aggregate of \$1,688.2 million of credit was available under the credit facility.

Debt Covenants. NiSource is subject to a financial covenant under its revolving credit facility and its three-year term loan issued April 5, 2012, which requires NiSource to maintain a debt to capitalization ratio that does not exceed 70%. A similar covenant in a 2005 private placement note purchase agreement requires NiSource to maintain a debt to capitalization ratio that does not exceed 75%. As of March 31, 2014, the ratio was 59.9%.

NiSource is also subject to certain other non-financial covenants under the revolving credit facility. Such covenants include a limitation on the creation or existence of new liens on NiSource's assets, generally exempting liens on utility assets, purchase money security interests, preexisting security interests and an additional subset of assets equal to \$150 million. An asset sale covenant generally restricts the sale, lease and/or transfer of NiSource's assets to no more than 10% of its consolidated total assets and dispositions for a price not materially less than the fair market value of the assets disposed of that do not impair the ability of NiSource and NiSource Finance to perform obligations under the revolving credit facility, and that, together with all other such dispositions, would not have a material adverse effect. The revolving credit facility also includes a cross-default provision, which triggers an event of default under the credit facility in the event of an uncured payment default relating to any indebtedness of NiSource or any of its subsidiaries in a principal amount of \$50 million or more.

NiSource's indentures generally do not contain any financial maintenance covenants. However, NiSource's indentures are generally subject to cross-default provisions ranging from uncured payment defaults of \$5 million to \$50 million, and limitations on the incurrence of liens on NiSource's assets, generally exempting liens on utility assets, purchase money security interests, preexisting security interests and an additional subset of assets capped at 10% of NiSource's consolidated net tangible assets.

Sale of Trade Accounts Receivables. Refer to Note 10, "Transfers of Financial Assets," in the Notes to Condensed Consolidated Financial Statements (unaudited) for information on the sale of accounts receivable.

All accounts receivable sold to the commercial paper conduits are valued at face value, which approximates fair value due to their short-term nature. The amount of the undivided percentage ownership interest in the accounts receivables sold is determined, in part, by required loss reserves under the agreements.

Credit Ratings. On March 14, 2014, Standard & Poor's affirmed the senior unsecured ratings for NiSource and its subsidiaries at BBB-. Standard & Poor's outlook for NiSource and all of its subsidiaries is stable. On January 31, 2014, Moody's Investors Service upgraded the senior unsecured rating for NiSource to Baa2 from Baa3 and NiSource's commercial paper rating to P-2 from P-3. Additionally, the rating for NIPSCO was upgraded to Baa1 from Baa2 and the rating for Columbia of Massachusetts was affirmed at Baa2. Moody's outlook for NiSource and all of its subsidiaries is stable. On December 9, 2013, Fitch affirmed the senior unsecured ratings for NiSource at BBB-, and the existing ratings of all other subsidiaries. Fitch's outlook for NiSource and all of its subsidiaries is stable. Although all ratings continue to be investment grade, a downgrade by Standard & Poor's or Fitch would result in a rating that is below investment grade.

Certain NiSource affiliates have agreements that contain "ratings triggers" that require increased collateral if the credit ratings of NiSource or certain of its subsidiaries are rated below BBB- by Standard & Poor's or Baa3 by Moody's. These agreements are primarily for insurance purposes and for the physical purchase or sale of power. The collateral requirement that would be required in the event of a downgrade below the ratings trigger levels would amount to approximately \$37.0 million. In addition to agreements with ratings triggers, there are other agreements that contain "adequate assurance" or "material adverse change" provisions that could necessitate additional credit support such as letters of credit and cash collateral to transact business.

Contractual Obligations. There were no material changes recorded during the three months ended March 31, 2014 to NiSource's contractual obligations as of December 31, 2013.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

(continued)

NiSource Inc.

Market Risk Disclosures

Risk is an inherent part of NiSource's energy businesses. The extent to which NiSource properly and effectively identifies, assesses, monitors and manages each of the various types of risk involved in its businesses is critical to its profitability. NiSource seeks to identify, assess, monitor and manage, in accordance with defined policies and procedures, the following principal market risks that are involved in NiSource's energy businesses: commodity price risk, interest rate risk and credit risk. Risk management at NiSource is a multi-faceted process with oversight by the Risk Management Committee that requires constant communication, judgment and knowledge of specialized products and markets. NiSource's senior management takes an active role in the risk management process and has developed policies and procedures that require specific administrative and business functions to assist in the identification, assessment and control of various risks. These include but are not limited to market, operational, financial, compliance and strategic risk types. In recognition of the increasingly varied and complex nature of the energy business, NiSource's risk management process, policies and procedures continue to evolve and are subject to ongoing review and modification.

Commodity Price Risk

NiSource is exposed to commodity price risk as a result of its subsidiaries' operations involving natural gas and power. To manage this market risk, NiSource's subsidiaries use derivatives, including commodity futures contracts, swaps and options. NiSource is not involved in speculative energy trading activity.

Commodity price risk resulting from derivative activities at NiSource's rate-regulated subsidiaries is limited, since regulations allow recovery of prudently incurred purchased power, fuel and gas costs through the rate-making process, including gains or losses on these derivative instruments. If states should explore additional regulatory reform, these subsidiaries may begin providing services without the benefit of the traditional rate-making process and may be more exposed to commodity price risk. Some of NiSource's rate-regulated utility subsidiaries offer commodity price risk products to its customers for which derivatives are used to hedge forecasted customer usage under such products. These subsidiaries do not have regulatory recovery orders for these products and are subject to gains and losses recognized in earnings due to hedge ineffectiveness.

Interest Rate Risk

NiSource is exposed to interest rate risk as a result of changes in interest rates on borrowings under its revolving credit agreement, term loan, commercial paper program and accounts receivable programs, which have interest rates that are indexed to short-term market interest rates. NiSource is also exposed to interest rate risk due to changes in interest rates on fixed-to-variable interest rate swaps that hedge the fair value of long-term debt. Based upon average borrowings and debt obligations subject to fluctuations in short-term market interest rates, an increase (or decrease) in short-term interest rates of 100 basis points (1%) would have increased (or decreased) interest expense by \$3.7 million for the three months ended March 31, 2014 and \$4.0 million for the three months ended March 31, 2013 .

Credit Risk

Due to the nature of the industry, credit risk is embedded in many of NiSource's business activities. NiSource's extension of credit is governed by a Corporate Credit Risk Policy. In addition, Risk Management Committee guidelines are in place which document management approval levels for credit limits, evaluation of creditworthiness, and credit risk mitigation efforts. Exposures to credit risks are monitored by the Corporate Credit Risk function which is independent of commercial operations. Credit risk arises due to the possibility that a customer, supplier or counterparty will not be able or willing to fulfill its obligations on a transaction on or before the settlement date. For derivative related contracts, credit risk arises when counterparties are obligated to deliver or purchase defined commodity units of gas or power to NiSource at a future date per execution of contractual terms and conditions. Exposure to credit risk is measured in terms of both current obligations and the market value of forward positions net of any posted collateral such as cash, letters of credit and qualified guarantees of support.

NiSource closely monitors the financial status of its banking credit providers and interest rate swap counterparties. NiSource evaluates the financial status of its banking partners through the use of market-based metrics such as credit default swap pricing levels, and also through traditional credit ratings provided by major credit rating agencies.

Fair Value Measurement

NiSource measures certain financial assets and liabilities at fair value. The level of the fair value hierarchy disclosed is based on the lowest level of input that is significant to the fair value measurement. NiSource's financial assets and liabilities include price risk assets and liabilities, available-for-sale securities and a deferred compensation plan obligation.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

(continued)

NiSource Inc.

Exchange-traded derivative contracts are generally based on unadjusted quoted prices in active markets and are classified within Level 1. These financial assets and liabilities are secured with cash on deposit with the exchange; therefore nonperformance risk has not been incorporated into these valuations. Certain non-exchange-traded derivatives are valued using broker or over-the-counter, on-line exchanges. In such cases, these non-exchange-traded derivatives are classified within Level 2. Non-exchange-based derivative instruments include swaps, forwards, and options. In certain instances, NiSource may utilize models to measure fair value. Valuation models utilize various inputs that include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, other observable inputs for the asset or liability, and market-corroborated inputs, i.e., inputs derived principally from or corroborated by observable market data by correlation or other means. Where observable inputs are available for substantially the full term of the asset or liability, the instrument is categorized in Level 2. Certain derivatives trade in less active markets with a lower availability of pricing information and models may be utilized in the valuation. When such inputs have a significant impact on the measurement of fair value, the instrument is categorized in Level 3. Credit risk is considered in the fair value calculation of derivative instruments that are not exchange-traded. Credit exposures are adjusted to reflect collateral agreements which reduce exposures.

Price risk management assets also include fixed-to-floating interest-rate swaps, which are designated as fair value hedges, as a means to achieve its targeted level of variable-rate debt as a percent of total debt. NiSource uses a calculation of future cash inflows and estimated future outflows related to the swap agreements, which are discounted and netted to determine the current fair value. Additional inputs to the present value calculation include the contract terms, as well as market parameters such as current and projected interest rates and volatility. As they are based on observable data and valuations of similar instruments, the interest-rate swaps are categorized in Level 2 in the fair value hierarchy. Credit risk is considered in the fair value calculation of the interest rate swap.

Refer to Note 9, "Fair Value" in the Notes to the Condensed Consolidated Financial Statements (unaudited) for additional information on NiSource's fair value measurements.

Off Balance Sheet Arrangements

As a part of normal business, NiSource and certain subsidiaries enter into various agreements providing financial or performance assurance to third parties on behalf of certain subsidiaries. Such agreements include guarantees and stand-by letters of credit.

NiSource has purchase and sales agreement guarantees totaling \$73.5 million, which guarantee performance of the seller's covenants, agreements, obligations, liabilities, representations and warranties under the agreements. No amounts related to the purchase and sales agreement guarantees are reflected in the Condensed Consolidated Balance Sheets (unaudited). Management believes that the likelihood NiSource would be required to perform or otherwise incur any significant losses associated with any of the aforementioned guarantees is remote.

NiSource has other guarantees outstanding. Refer to Note 17-A, "Guarantees and Indemnities," in the Notes to Condensed Consolidated Financial Statements (unaudited) for additional information about NiSource's off balance sheet arrangements.

Other Information

Critical Accounting Policies

There were no significant changes to critical accounting policies for the period ended March 31, 2014.

Recently Issued Accounting Pronouncements

In April 2014, the FASB issued ASU 2014-08, *Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360): Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity*. ASU 2014-08 changes the criteria for reporting a discontinued operation. Under the new pronouncement, a disposal of a part of an organization that has a major effect on its operations and financial results is a discontinued operation. NiSource is required to adopt ASU 2014-08 prospectively for all disposals or components of its business classified as held for sale during fiscal periods beginning after December 15, 2014. NiSource is currently evaluating what impact, if any, adoption of ASU 2014-08 will have on its Condensed Consolidated Financial Statements (unaudited) and Notes to Condensed Consolidated Financial Statements (unaudited).

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS
(continued)

NiSource Inc.

RESULTS AND DISCUSSION OF SEGMENT OPERATIONS

Presentation of Segment Information

NiSource's operations are divided into three primary business segments: Gas Distribution Operations, Columbia Pipeline Group Operations and Electric Operations.

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

(continued)

NiSource Inc.

Gas Distribution Operations

<i>(in millions)</i>	Three Months Ended March 31,	
	2014	2013
Net Revenues		
Sales revenues	\$ 1,565.6	\$ 1,145.1
Less: Cost of gas sold (excluding depreciation and amortization)	923.0	593.8
Net Revenues	642.6	551.3
Operating Expenses		
Operation and maintenance	228.8	218.4
Depreciation and amortization	52.2	48.5
Other taxes	59.8	50.3
Total Operating Expenses	340.8	317.2
Operating Income	\$ 301.8	\$ 234.1
Revenues (\$ in millions)		
Residential	\$ 1,005.8	\$ 743.9
Commercial	366.3	270.3
Industrial	84.3	65.0
Off System	71.9	79.4
Other	37.3	(13.5)
Total	\$ 1,565.6	\$ 1,145.1
Sales and Transportation (MMDth)		
Residential	156.5	132.0
Commercial	90.1	75.3
Industrial	136.8	133.3
Off System	14.3	21.7
Other	0.2	0.2
Total	397.9	362.5
Heating Degree Days	3,437	2,919
Normal Heating Degree Days	2,892	2,892
% Colder than Normal	19%	1%
Customers		
Residential	3,094,353	3,072,919
Commercial	283,000	281,933
Industrial	7,570	7,553
Other	20	23
Total	3,384,943	3,362,428

NiSource's Gas Distribution Operations serve approximately 3.4 million customers in seven states: Ohio, Indiana, Pennsylvania, Massachusetts, Virginia, Kentucky and Maryland. The regulated subsidiaries offer both traditional bundled services as well as transportation only for customers that purchase gas from alternative suppliers. The operating results reflect the temperature-sensitive nature of customer demand with 74% of annual residential and commercial throughput affected by seasonality. As a result, segment operating income is higher in the first and fourth quarters reflecting the heating demand during the winter season.

Regulatory Matters

Refer to Note 7, "Regulatory Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for information on significant rate developments and cost recovery and trackers for the Gas Distribution Operations segment.

Customer Usage. Increased efficiency of natural gas appliances and improvements in home building codes and standards has contributed to a long-term trend of declining average use per customer. Usage for the three months ended March 31, 2014 increased

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

(continued)

NiSource Inc.

Gas Distribution Operations

from the same period last year primarily due to colder weather compared to the prior year. While historically, rate design at the distribution level has been structured such that a large portion of cost recovery is based upon throughput, rather than in a fixed charge, operating costs are largely incurred on a fixed basis, and do not fluctuate due to changes in customer usage. As a result, the NiSource LDCs have pursued changes in rate design to more effectively match recoveries with costs incurred. Each of the states in which the NiSource LDCs operate has different requirements regarding the procedure for establishing changes to rate design. Columbia of Ohio restructured its rate design through a base rate proceeding and has adopted a "de-coupled" rate design which more closely links the recovery of fixed costs with fixed charges. Columbia of Massachusetts and Columbia of Virginia received regulatory approval of decoupling mechanisms which adjust revenues to an approved benchmark level through a volumetric adjustment factor. Columbia of Maryland has received regulatory approval to implement a residential class revenue normalization adjustment, a decoupling mechanism whereby monthly revenues that exceed or fall short of approved levels are reconciled in subsequent months. In a prior base rate proceeding, Columbia of Pennsylvania implemented a residential weather normalization adjustment charge. In a prior base rate proceeding, NIPSCO implemented a higher fixed customer charge for residential and small customer classes moving toward full straight fixed variable rate design.

Environmental Matters

Various environmental matters occasionally impact the Gas Distribution Operations segment. As of March 31, 2014, a reserve has been recorded to cover probable and estimable environmental response actions. Refer to Note 17-C, "Environmental Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for additional information regarding environmental matters for the Gas Distribution Operations segment.

Weather

In general, NiSource calculates the weather related revenue variance based on changing customer demand driven by weather variance from normal heating degree-days. Normal is evaluated using heating degree days across the NiSource distribution region. While the temperature base for measuring heating degree days (i.e. the estimated average daily temperature at which heating load begins) varies slightly across the region, the NiSource composite measurement is based on 65 degrees. NiSource composite heating degree days reported do not directly correlate to the weather related dollar impact on the results of Gas Distribution Operations. Heating degree days experienced during different times of the year or in different operating locations may have more or less impact on volume and dollars depending on when and where they occur. When the detailed results are combined for reporting, there may be weather related dollar impacts on operations when there is not an apparent or significant change in the aggregated NiSource composite heating degree-day comparison.

Weather in the Gas Distribution Operations' territories for the first quarter of 2014 was 19% colder than normal and 18% colder than the first quarter in 2013.

Throughput

Total volumes sold and transported of 397.9 MMDth for the first quarter of 2014 increased by 35.4 MMDth from the same period last year. This 9.8% increase in volume was primarily attributable to colder weather.

Net Revenues

Net revenues for the first quarter of 2014 were \$642.6 million, an increase of \$91.3 million from the same period in 2013. The increase in net revenues is due primarily to an increase of \$40.1 million for regulatory and service programs, including the impacts of the rate settlement in 2013 at Columbia of Pennsylvania and the implementation of rates under Columbia of Ohio's approved infrastructure replacement program, the effects of colder weather of \$21.0 million, increased regulatory and tax trackers, which are offset in expense, of \$16.3 million, higher residential and commercial usage of \$5.9 million, an increase in off-system sales of \$3.4 million, higher revenue of \$3.0 million due to an increase in customer count and an increase in large customer revenue of \$2.2 million. These increases were partially offset by a decrease of \$4.8 million resulting from NIPSCO's GCIM.

At NIPSCO, sales revenues and customer billings are adjusted for amounts related to under and over-recovered purchased gas costs from prior periods per regulatory order. These amounts are primarily reflected in the "Other" gross revenues statistic provided at the beginning of this segment discussion. The adjustment to Other gross revenues for the three months ended March 31, 2014 was a revenue increase of \$31.5 million compared to a decrease of \$24.7 million for the three months ended March 31, 2013.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

(continued)

NiSource Inc.

Gas Distribution Operations

Operating Income

For the first quarter of 2014 , Gas Distribution Operations reported operating income of \$301.8 million , an increase of \$67.7 million from the comparable 2013 period. Operating income increased as a result of higher net revenues, as described above, partially offset by increased operating expenses. Operating expenses were \$23.6 million higher than the comparable period reflecting increased regulatory and tax trackers, which are offset in net revenue, of \$16.3 million, an increase of \$3.7 million in depreciation due to higher capital expenditures, increased employee and administrative expenses of \$3.6 million and higher other taxes of \$3.5 million. These increases were partially offset by a decrease in outside service costs of \$5.6 million.

[Table of Contents](#)**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS***(continued)***NiSource Inc.****Columbia Pipeline Group Operations**

<i>(in millions)</i>	Three Months Ended March 31,	
	2014	2013
Net Revenues		
Transportation revenues	\$ 222.3	\$ 210.9
Storage revenues	49.9	50.5
Other revenues	73.4	40.0
Total Sales Revenues	345.6	301.4
Less: Cost of sales (excluding depreciation and amortization)	0.1	0.1
Net Revenues	345.5	301.3
Operating Expenses		
Operation and maintenance	165.7	132.6
Depreciation and amortization	29.7	25.7
Gain on sale of assets	(17.5)	(0.2)
Other taxes	18.5	16.8
Total Operating Expenses	196.4	174.9
Equity Earnings in Unconsolidated Affiliates	9.8	7.1
Operating Income	\$ 158.9	\$ 133.5
Throughput (MMDth)		
Columbia Transmission	459.5	435.8
Columbia Gulf	184.9	190.2
Crossroads Pipeline	5.7	5.0
Intrasegment eliminations	(61.6)	(93.9)
Total	588.5	537.1

NiSource's Columbia Pipeline Group Operations segment primarily consists of the operations of Columbia Transmission, Columbia Gulf, NiSource Midstream, NEVCO, Crossroads Pipeline, and the equity investments in Pennant, Millennium and Hardy Storage. In total, NiSource owns a pipeline network of approximately 15,000 miles extending from the Gulf of Mexico to New York and the eastern seaboard. The pipeline network serves customers in 16 northeastern, mid-Atlantic, midwestern and southern states, as well as the District of Columbia. In addition, the Columbia Pipeline Group Operations segment operates one of the nation's largest underground natural gas storage systems.

Columbia Pipeline Group Operations' most significant projects are as follows:

Warren County. The Columbia Pipeline Group Operations segment is spending approximately \$37 million on an expansion project, which includes new pipeline and modifications to existing compression assets, with Virginia Power Services Energy Corporation, Inc., the energy manager for Virginia Electric and Power Company. This project will expand the Columbia Transmission system in order to provide up to nearly 250,000 Dth per day of transportation capacity under a long-term, firm contract. The project is expected to be ready for commercial operations by mid-2014.

West Side Expansion. The Columbia Pipeline Group Operations segment is investing approximately \$200 million in new pipeline and compression to increase supply origination from the Smithfield and Waynesburg areas on the Columbia Transmission system and provide a backhaul transportation path to Gulf Coast markets on the Columbia Gulf system. This investment will increase capacity up to 444,000 Dth per day from the Smithfield and Waynesburg areas and up to 540,000 Dth per day from Leach to Rayne transporting Marcellus production under long-term, firm contracts. Limited interim service is being provided throughout 2014 with the project fully in service by the fourth quarter of 2014.

Giles County. The Columbia Pipeline Group Operations segment is spending approximately \$25 million to construct nearly thirteen miles of pipeline to provide 45,000 Dth per day of firm service to a third party off of its Line KA system into Columbia of Virginia's system. Columbia of Virginia will expand pipeline facilities and an existing direct connection with the third party's plant in Giles County, Virginia. The project is planned to be in service by the fourth quarter of 2014.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

(continued)

NiSource Inc.

Columbia Pipeline Group Operations

Line 1570 Expansion . The Columbia Pipeline Group Operations segment is replacing 18.7 miles of 20-inch bare steel pipe with 24-inch pipe from Waynesburg, Pennsylvania to Redd Farm, Pennsylvania at an approximate cost of \$20 million. The project also includes the installation of two compressors at Redd Farm and an uprate in horsepower at Waynesburg, increasing capacity by nearly 100,000 Dth per day. The project is expected to be in service by the end of 2014.

East Side Expansion. The Columbia Pipeline Group Operations segment plans to invest approximately \$275 million in developing its East Side Expansion project, which will provide access for Marcellus supplies to the northeastern and mid-Atlantic markets. Backed by binding precedent agreements, the project will add up to 312,000 Dth per day of capacity, which is expected to be placed in service by the end of the third quarter of 2015.

Washington County Gathering. The Columbia Pipeline Group Operations segment will construct a field gathering system in Pennsylvania that will gather well pad production of primarily dry gas from a third party producer. Pipeline laterals will be built to connect well pads as drilling is developed. The \$120 million investment will include approximately 25 miles of gathering pipelines of varying diameter, a compressor station and dehydration unit. The gas gathering agreement has an initial 15-year term with the option to extend. Construction is expected to begin in late 2014, with an in service date during the fourth quarter of 2015.

Cameron Access. The Columbia Pipeline Group Operations segment has entered into binding precedent agreements for the construction of new pipeline facilities along the Columbia Gulf system to connect with the Cameron LNG Terminal in southern Louisiana. The approximately \$310 million project will transport supplies from numerous supply basins, including Marcellus, Utica, Haynesville, Fayetteville, Gulf Coast, East Texas, Granite Wash and Barnett, to the planned LNG export facility, which received Department of Energy approval late in 2013. The project will offer an initial capacity of up to 800,000 Dth per day and is expected to be placed into service by the end of 2017.

Equity Investments

Pennant. NiSource Midstream entered into a 50:50 joint venture in 2012 with affiliates of Hilcorp to construct new wet natural gas gathering pipeline infrastructure and NGL processing facilities to support natural gas production in the Utica Shale region of northeastern Ohio and western Pennsylvania. NiSource Midstream and Hilcorp jointly own Pennant with NiSource Midstream serving as the operator of Pennant and the facilities. NiSource accounts for the joint venture under the equity method of accounting.

Pennant is investing in the construction of 20-24 inch wet gas gathering pipeline facilities with a capacity of approximately 600 MMcf per day. In addition, Pennant is installing a gas processing facility in New Middletown, Ohio that will have an initial capacity of 200 MMcf per day and an NGL pipeline with an initial capacity of 45,000 barrels per day that can be expanded to 90,000 barrels per day. Consistent with the terms of the joint venture, NiSource Midstream will operate the gas processing facility, NGL pipeline and associated wet gas gathering system. The joint venture is designed and anticipated to serve other producers with significant acreage development in the area with an interest in obtaining capacity on the system. The construction of the facilities will allow Pennant to become a full-service solution for providers in the northern Utica shale region, offering access to wet gas gathering and processing as well as residue gas and NGL takeaway to attractive market destinations. NiSource Midstream's initial investment in this area, including the gathering pipeline, related laterals, NGL pipeline and the processing plant, will be approximately \$185 million. A portion of the facilities were placed in service in the fourth quarter of 2013 and the remainder will be in service in the second and third quarters of 2014.

During the first quarter of 2014, NiSource Midstream made cash contributions to Pennant totaling \$28.4 million. A cash contribution of \$10.5 million was made during the same period last year.

In a separate agreement with Hilcorp, test wells were drilled in 2012 and continued in 2013 to support the development of the hydrocarbon potential on more than 100,000 combined acres in the Utica/Point Pleasant Shale formation. Production wells were drilled in 2013, with the full production program in development. NiSource is investing alongside Hilcorp in the development of the acreage, with NiSource owning both a working and overriding royalty interest. All of the Hilcorp/NiSource acreage is dedicated to Pennant.

Millennium. Millennium operates approximately 250 miles of pipeline under the jurisdictional authority of the FERC. The Millennium pipeline has the capability to transport natural gas to markets along its route, which lies between Corning, New York and Ramapo, New York, as well as to the New York City market through its pipeline interconnections. Columbia Transmission

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

(continued)

NiSource Inc.

Columbia Pipeline Group Operations

owns a 47.5% interest in Millennium and acts as operator for the pipeline in partnership with DTE Millennium Company and National Grid Millennium LLC, which each own an equal remaining share of the company.

During the first quarters of 2014 and 2013, Columbia Transmission made contributions to Millennium to fund its share of capital projects of \$2.6 million and \$6.7 million, respectively. For the same respective periods, Columbia Transmission received distributions of earnings of \$7.1 million and \$6.7 million.

Millennium began two projects in 2012 that will add nearly 30,000 hp of compression to its system. The first project went into service on June 1, 2013 and increased capacity at its interconnections with Algonquin Gas Transmission, with a total investment of approximately \$50 million. The second project included a total investment of approximately \$40 million that increased capacity with interconnections to other third-party facilities. The second project was placed into service on March 31, 2014. Columbia Transmission's share of the above investments is limited to its 47.5% interest in Millennium.

Hardy Storage. Hardy Storage is a 50:50 joint venture between subsidiaries of Columbia Transmission and Piedmont that manages an underground storage field in Hardy and Hampshire counties in West Virginia. Columbia Transmission serves as operator of the company, which is regulated by the FERC. Hardy Storage has a working storage capacity of 12 Bcf and the ability to deliver 176,000 Dth of natural gas per day.

During the first quarters of 2014 and 2013, NiSource received \$0.5 million and \$0.4 million of available accumulated earnings, respectively. NiSource made no contributions during 2014 or 2013.

Nature of Sales

Columbia Transmission and Columbia Gulf compete for transportation customers based on the type of service a customer needs, operating flexibility, available capacity and price. Columbia Gulf and Columbia Transmission provide a significant portion of total transportation services under firm contracts and derive a smaller portion of revenues through interruptible contracts, with management seeking to maximize the portion of physical capacity sold under firm contracts.

Firm service contracts require pipeline capacity to be reserved for a given customer between certain receipt and delivery points. Firm customers generally pay a "capacity reservation" fee based on the amount of capacity being reserved regardless of whether the capacity is used, plus an incremental usage fee when the capacity is used. Annual capacity reservation revenues derived from firm service contracts generally remain constant over the life of the contract because the revenues are based upon capacity reserved and not whether the capacity is actually used. The high percentage of revenue derived from capacity reservation fees mitigates the risk of revenue fluctuations within the Columbia Pipeline Group Operations segment due to changes in near-term supply and demand conditions. The following percentages exclude the impact of intrasegment revenues and over / under collections of tracker-related revenues. For the quarter ended March 31, 2014, approximately 92.6% of the transportation revenues were derived from capacity reservation fees paid under firm contracts and 5.2% of the transportation revenues were derived from usage fees under firm contracts compared to approximately 92.1% and 6.5%, respectively, for the quarter ended March 31, 2013.

Interruptible transportation service is typically short term in nature and is generally used by customers that either do not need firm service or have been unable to contract for firm service. These customers pay a usage fee only for the volume of gas actually transported. The ability to provide this service is limited to available capacity not otherwise used by firm customers, and customers receiving services under interruptible contracts are not assured capacity in the pipeline facilities. Columbia Pipeline Group Operations provides interruptible service at competitive prices in order to capture short term market opportunities as they occur and interruptible service is viewed by management as an important strategy to optimize revenues from the gas transmission assets. For the quarters ended March 31, 2014 and 2013, approximately 2.2% and 1.4%, respectively, of the transportation revenues were derived from interruptible contracts.

Regulatory Matters

Refer to Note 7, "Regulatory Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for information on regulatory matters for the Columbia Pipeline Group Operations segment.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

(continued)

NiSource Inc.

Columbia Pipeline Group Operations

Environmental Matters

Various environmental matters occasionally impact the Columbia Pipeline Group Operations segment. As of March 31, 2014, a reserve has been recorded to cover probable and estimable environmental response actions. Refer to Note 17-C, "Environmental Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for additional information regarding environmental matters for the Columbia Pipeline Group Operations segment.

Throughput

Columbia Transmission's throughput consists of gas transportation service deliveries to LDC city gates, to gas fired power plants, other industrial customers, or other interstate pipelines in its market area. Columbia Transmission's market area covers portions of northeastern, mid-Atlantic, midwestern, and southern states as well as the District of Columbia. Gas delivered via transportation services to storage is not accounted for as throughput until it is withdrawn from storage and delivered to one of the aforementioned locations via a transportation service. Throughput for Columbia Gulf traditionally consists of gas delivered to Columbia Transmission at Leach, Kentucky as well as gas delivered south of Leach to other interstate pipelines or to an LDC's city gate. Recent changes in market conditions have resulted in more non-traditional throughput such as backhaul transportation services that originate in Leach that flow southward. Columbia Gulf has begun to flow gas in a southerly direction from its Louisiana interconnects to markets in the southeastern United States. Crossroads Pipeline serves customers in northern Indiana and Ohio via gas flowing west to east originating from outside the Chicago area to Cygnet, Ohio where it interconnects with Columbia Transmission. Intra-segment eliminations represent gas delivered to an affiliated pipeline within the segment.

Throughput for the Columbia Pipeline Group Operations segment totaled 588.5 MMDth for the first quarter of 2014, compared to 537.1 MMDth for the same period in 2013. The increase of 51.4 MMDth was primarily attributable to colder weather, which drove a majority of the increase on the Columbia Transmission system.

Net Revenues

Net revenues were \$345.5 million for the first quarter of 2014, an increase of \$44.2 million from the same period in 2013. The increase in net revenues is due primarily to higher regulatory trackers, which are offset in expense, of \$24.5 million, increased demand and commodity revenue of \$9.9 million as a result of growth projects placed in service and an increase in mineral rights royalty revenue of \$7.1 million.

Operating Income

Operating income was \$158.9 million for the first quarter of 2014, an increase of \$25.4 million from the first quarter of 2013. Operating income increased as a result of higher net revenues, as described above, and higher equity earnings partially offset by increased operating expenses. Equity earnings increased \$2.7 million due to higher earnings at Millennium. Operating expenses were \$21.5 million higher than the comparable period primarily as a result of increased regulatory trackers, which are offset in net revenue, of \$24.5 million, higher employee and administrative expenses of \$6.5 million, increased depreciation of \$4.0 million and higher property taxes of \$1.5 million. These increases were partially offset by gains on the sale of assets of \$17.5 million resulting from conveyances of mineral interests.

[Table of Contents](#)**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS***(continued)***NiSource Inc.****Electric Operations**

<i>(in millions)</i>	Three Months Ended March 31,	
	2014	2013
Net Revenues		
Sales revenues	\$ 450.4	\$ 377.6
Less: Cost of sales (excluding depreciation and amortization)	180.4	124.9
Net Revenues	270.0	252.7
Operating Expenses		
Operation and maintenance	112.5	107.9
Depreciation and amortization	60.4	63.2
Other taxes	18.2	16.4
Total Operating Expenses	191.1	187.5
Operating Income	\$ 78.9	\$ 65.2
Revenues (\$ in millions)		
Residential	\$ 113.2	\$ 108.3
Commercial	106.2	103.7
Industrial	179.7	159.4
Wholesale	21.4	1.7
Other	29.9	4.5
Total	\$ 450.4	\$ 377.6
Sales (Gigawatt Hours)		
Residential	896.2	864.1
Commercial	935.5	921.2
Industrial	2,607.1	2,319.6
Wholesale	311.8	61.3
Other	33.4	33.2
Total	4,784.0	4,199.4
Electric Customers		
Residential	402,676	401,559
Commercial	54,378	54,084
Industrial	2,370	2,373
Wholesale	724	725
Other	5	6
Total	460,153	458,747

NiSource generates and distributes electricity, through its subsidiary NIPSCO, to approximately 460 thousand customers in 20 counties in the northern part of Indiana. The operating results reflect the temperature-sensitive nature of customer demand with annual sales affected by temperatures in the northern part of Indiana. As a result, segment operating income is generally higher in the second and third quarters, reflecting cooling demand during the summer season.

Electric Supply

On October 28, 2011, NIPSCO filed its 2011 Integrated Resource Plan with the IURC. The plan evaluates demand-side and supply-side resource alternatives to reliably and cost-effectively meet NIPSCO customers' future energy requirements over the next twenty years. Existing resources are expected to be sufficient, assuming favorable outcomes for environmental upgrades, to meet customers' needs for the next decade. NIPSCO continues to monitor and assess economic, regulatory and legislative activity, and will update its resource plan as appropriate.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

(continued)

NiSource Inc.

Electric Operations

Regulatory Matters

Refer to Note 7, "Regulatory Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for information on significant rate developments and cost recovery and trackers for the Electric Operations segment.

Environmental Matters

Various environmental matters occasionally impact the Electric Operations segment. As of March 31, 2014 , a reserve has been recorded to cover probable and estimable environmental response actions. Refer to Note 17-C, "Environmental Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for additional information regarding environmental matters for the Electric Operations segment.

Sales

Electric Operations sales quantities for the first quarter 2014 were 4,784.0 gwh, an increase of 584.6 gwh compared to the first quarter of 2013 . The 13.9% increase is primarily attributable to increases in industrial usage and sales for resale. The increase in industrial usage was primarily attributable to lower internal generation from large industrial customers. The increase in sales for resale was primarily attributable to increased opportunities for off-system sales due to the cold weather that occurred during the first quarter of 2014.

Net Revenues

Net revenues were \$270.0 million for the first quarter of 2014 , an increase of \$17.3 million from the same period in 2013 . The increase in net revenues is due primarily to an increase in off-system sales of \$9.5 million, higher industrial usage of \$8.6 million, an increase in the return on the environmental capital investment recovery of \$8.1 million due to an increased plant balance eligible for recovery, and the effects of colder weather of \$4.4 million. These increases were partially offset by a decrease in transmission upgrade revenue of \$6.3 million, decreased trackers, which are offset in expense, of \$5.1 million and lower residential and commercial usage of \$2.2 million.

At NIPSCO, sales revenues and customer billings are adjusted for amounts related to under and over-recovered purchased fuel costs from prior periods per regulatory order. These amounts are primarily reflected in the "Other" gross revenues statistic provided at the beginning of this segment discussion. The adjustment to Other gross revenues for the three months ended March 31, 2014 was a revenue increase of \$20.3 million compared to a revenue decrease of \$7.2 million for three months ended March 31, 2013 .

Operating Income

For the first quarter of 2014 , Electric Operations reported operating income of \$78.9 million , an increase of \$13.7 million from the comparable 2013 period. Operating income increased as a result of higher net revenues, as described above, partially offset by increased operating expenses. Operating expenses increased \$3.6 million due primarily to higher employee and administrative expenses of \$6.6 million and increased other taxes of \$1.8 million. These increases were partially offset by a decrease in trackers, which are offset in net revenue, of \$5.1 million.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

NiSource Inc.

For a discussion regarding quantitative and qualitative disclosures about market risk see “Management’s Discussion and Analysis of Financial Condition and Results of Operations - Market Risk Disclosures.”

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

NiSource’s Chief Executive Officer and its Principal Financial Officer, after evaluating the effectiveness of NiSource’s disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)), have concluded based on the evaluation required by paragraph (b) of Exchange Act Rules 13a-15 and 15d-15 that, as of the end of the period covered by this report, NiSource’s disclosure controls and procedures are considered effective.

Changes in Internal Controls

There have been no changes in NiSource’s internal control over financial reporting during the fiscal quarter covered by this report that has materially affected, or is reasonably likely to materially affect, NiSource’s internal control over financial reporting.

PART II

ITEM 1. LEGAL PROCEEDINGS

NiSource Inc.

None.

ITEM 1A. RISK FACTORS

There were no material changes from the risk factors disclosed in NiSource's 2013 Annual Report on Form 10-K filed on February 18, 2014.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

NiSource Inc.

- (10.1) Form of Performance Share Award Agreement under the 2010 Omnibus Incentive Plan.
- (31.1) Certification of Robert C. Skaggs, Jr., Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- (31.2) Certification of Stephen P. Smith, Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- (32.1) Certification of Robert C. Skaggs, Jr., Chief Executive Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).
- (32.2) Certification of Stephen P. Smith, Chief Financial Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).
- (101.INS) XBRL Instance Document
- (101.SCH) XBRL Schema Document
- (101.CAL) XBRL Calculation Linkbase Document
- (101.LAB) XBRL Labels Linkbase Document
- (101.PRE) XBRL Presentation Linkbase Document
- (101.DEF) XBRL Definition Linkbase Document

Pursuant to Item 601(b)(4)(iii) of Regulation S-K, NiSource hereby agrees to furnish the SEC, upon request, any instrument defining the rights of holders of long-term debt of NiSource not filed as an exhibit herein. No such instrument authorizes long-term debt securities in excess of 10% of the total assets of NiSource and its subsidiaries on a consolidated basis.

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SIGNATURE

NiSource Inc.

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.

NiSource Inc.

(Registrant)

Date: April 30, 2014

By: /s/ Jon D. Veurink

Jon D. Veurink

Vice President and Chief Accounting Officer
(Principal Accounting Officer
and Duly Authorized Officer)

NiSource Inc.
2010 Omnibus Incentive Plan

Performance Share Award Agreement

This Performance Share Award Agreement (the “Agreement”), is made and entered into as of DATE (the “Date of Grant”), by and between NiSource Inc., a Delaware corporation (the “Company”), and _____, an Employee of the Company (the “Grantee”).

Section 1. Performance Share Award. The Company hereby grants to the Grantee, on the terms and conditions hereinafter set forth, an Award of _____ Performance Shares. The Performance Shares will be represented by a bookkeeping entry (the “Performance Share Account”) of the Company, and each Performance Share will be settled with one share of the Company’s common stock to the extent provided under this Agreement and the Plan.

Section 2. Grantee Accounts. The number of Performance Shares granted pursuant to this Agreement shall be credited to the Grantee’s Performance Share Account. Each Performance Share Account shall be maintained on the books of the Company until full payment of the balance thereof has been made to the Grantee (or the Grantee’s beneficiaries or estate if the Grantee is deceased) in accordance with Section 1 above. No funds shall be set aside or earmarked for any Performance Share Account, which shall be purely a bookkeeping device.

Section 3. Performance Period. The “Performance Period” is the period beginning on January 1, 2014, and ending on December 31, 2016.

Section 4. Vesting and Lapse of Performance Restrictions.

- (a) **Performance Restrictions.** The Performance Restrictions shall lapse only upon both the Grantee’s continued employment through February 28, 2017 and the date the Committee certifies the following results (including interpolation between the results, expressed as a percentage of the target except as otherwise noted below):
- (i) The Performance Restrictions of fifty percent of the Award shall lapse based on achievement of cumulative “net operating earnings” per Share for the Performance Period in accordance with the following schedule:

Cumulative Net Operating Earnings Per Share	Percentage of Award Granted
<\$5.11	0%
\$5.11	50%
\$5.26	100%
≥ \$5.63	200%

- (ii) The Performance Restrictions of fifty percent of the Award shall lapse based on the Company's positive Relative Total Shareholder Return ("RTSR") as of the last day of the Performance Period in accordance with the following schedule:

RTSR* Percent Ranking	Percentage of Award Granted
<40th	0%
≥ 40th and <50th**	50%
50th	100%
100th	200%

*Relative Total Shareholder Return (RTSR) is the annualized growth in the dividends and share price of a share of the Company's common stock, calculated using a 20 day trading average of the Company's closing price beginning December 31, 2013 and ending December 31, 2016 compared to the TSR performance of a peer group of companies determined by the Committee at its meeting on January 30, 2014.

Negative TSR for the Performance Period will result in a maximum payout at target regardless of relative performance.

** There is no interpolation between goals below the 50th percentile for the RTSR metric.

- (b) Committee Certification. As soon as practicable after the end of the Performance Period, the Committee will certify in writing whether the Performance Restrictions have been met for the Performance Period and determine the number of Shares, if any, that will be payable to the Grantee; provided, however, that if the Committee certifies that the Performance Restrictions have been met, the Committee may, in its sole discretion, adjust the number of Shares payable to the Grantee with respect to the Award to reflect the effect of extraordinary events upon the Performance Restrictions, as provided under the Plan. The date of the Committee's certification under this Section shall hereinafter be referred to as the "Certification Date." The Company will notify the Grantee (or the executors or administrators of the Grantee's estate, if appropriate) of the Committee's certification following the Certification Date (such notice being the "Determination Notice"). The Determination Notice shall specify (i) the Company's cumulative net operating earnings per share and Relative Total Shareholder Return for the Performance Period and (ii) the number of Shares payable in accordance with the Committee's certification.
- (c) Effect of Termination of Service Before February 28, 2017. Except as set forth below, if Grantee's Service is terminated for any reason prior to February 28, 2017 or prior to the occurrence of any otherwise applicable vesting event provided in this Section, the Grantee shall forfeit the Performance Shares credited to the Grantee's Performance Share Account. Notwithstanding the foregoing, in the event that Grantee's Service terminates prior to February 28, 2017 as a result of (i) Grantee's Retirement; or (ii) Grantee's Disability; or (iii) Grantee's death and such death occurs with less than or equal to twelve months remaining in the Performance Period, the Grantee shall receive a *pro rata* distribution of Shares after the certification date described in part (a) above; provided that the Committee actually certifies that the Performance Restrictions for the Performance Period have been met. Such *pro rata*

grant of Shares shall be determined using a fraction, where the numerator shall be the number of full or partial calendar months elapsed between the Date of Grant and the date the Grantee terminates Service, and the denominator shall be the number of full or partial calendar months elapsed between the Date of Grant and February 28, 2017. Additionally, if the Grantee terminates Service due to death prior to February 28, 2017 with more than 12 months remaining in the Performance Period, the Grantee shall receive, as soon as practicable after the date of termination, a *pro rata* distribution of Shares equal to the number of Shares that the Grantee otherwise would have received had the Performance Restrictions been met at target for the Performance Period. Such *pro rata* grant of Shares shall be determined using a fraction, where the numerator shall be the number of full or partial calendar months elapsed between the Date of Grant and the date the Grantee terminates Service, and the denominator shall be the number of full or partial calendar months elapsed between the Date of Grant and February 28, 2017. For purposes of this Agreement, "Retirement" means the Grantee's attainment of age 55 and 10 years of Service.

- (d) Change in Control. Notwithstanding the foregoing provisions, all Performance Shares shall become fully and immediately vested, and all restrictions shall lapse, on the fifth business day before the date of consummation of a Change in Control of the Company.
- (e) Code Section 162(m) Limitation. Notwithstanding the previous provisions of this Section, during any calendar year with respect to which the Grantee is a Covered Officer (for purposes of Internal Revenue Code ("Code") Section 162 (m)), if the Grantee otherwise would vest in a number of Performance Shares under this Section, the Grantee instead may vest only with respect to a sufficient number of Performance Shares whose aggregate Fair Market Value on the date such restrictions would, when added to the Grantee's "applicable employee remuneration" (as defined in Code Section 162(m)) for the applicable calendar year that does not constitute "qualified performance-based compensation" (as defined in Code Section 162(m)), not exceed the aggregate amount of \$999,999.00 for the applicable calendar year (the "Limitation").

To the extent the restrictions on any Performance Shares do not lapse due to the application of this Section, the restrictions on such Performance Shares shall lapse on the first to occur of:

- (i) the last business day of any subsequent calendar year or years to the extent that the Limitation is not exceeded for such year or years;
- (ii) the date next following the Grantee's termination of Service for any reason other than for Cause, or
- (iii) the first business day of the year next following the year with respect to which the Grantee ceases to be a Covered Officer.

The Company will make all determinations as to whether the lapse of restrictions on any Performance Shares is delayed in accordance with this Section. Such determinations will be made on a uniform and non-discriminatory basis consistent with the requirements under Code Section 409A.

Section 5. Delivery of Shares. Once Performance Shares have vested under this Agreement, the Company will convert the Performance Shares in the Grantee's Performance Share Account into Shares and

deliver the total number of Shares due to the Grantee as soon as administratively possible after such date, but no later than March 15, 2017. The delivery of the Shares shall be subject to payment of the applicable withholding tax liability and the forfeiture provisions of this Agreement. If the Grantee dies before the Company has distributed any portion of the vested Performance Shares, the Company will transfer any Shares with respect to the vested Performance Shares in accordance with the Grantee's written beneficiary designation or to the Grantee's estate if no written beneficiary designation is provided.

Section 6. Withholding of Taxes. The Company shall have the power and the right to deduct or withhold, or require the Grantee to remit to the Company, an amount sufficient to satisfy federal, state, and local taxes, domestic or foreign, required by law or regulation to be withheld with respect to any taxable event arising as a result of this Agreement.

Section 7. Securities Law Compliance. The delivery of all or any Shares that relate to the Performance Shares shall only be effective at such time that the issuance of such Shares will not violate any state or federal securities or other laws. The Company is under no obligation to effect any registration of Shares under the Securities Act of 1933 or to effect any state registration or qualification of the Shares that may be issued under this Agreement. The Company may, in its sole discretion, delay the delivery of Shares or place restrictive legends on Shares in order to ensure that the issuance of any Shares will be in compliance with federal or state securities laws and the rules of any exchange upon which the Company's Shares are traded. If the Company delays the delivery of Shares in order to ensure compliance with any state or federal securities or other laws, the Company shall deliver the Shares at the earliest date at which the Company reasonably believes that such delivery will not cause such violation, or at such later date that may be permitted under Code Section 409A.

Section 8. Restriction on Transferability. Except as otherwise provided under the Plan, until the Performance Shares have vested under this Agreement, the Performance Shares granted herein and the rights and privileges conferred hereby may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated (by operation of law or otherwise), other than by will or the laws of descent and distribution. Any attempted transfer in violation of the provisions of this paragraph shall be void, and the purported transferee shall obtain no rights with respect to such Performance Shares.

Section 9. Grantee's Rights Unsecured. The right of the Grantee or his or her beneficiary to receive a distribution hereunder shall be an unsecured claim against the general assets of the Company, and neither the Grantee nor his or her beneficiary shall have any rights in or against any amounts credited to the Grantee's Performance Share Account or any other specific assets of the Company. All amounts credited to the Grantee's Performance Share Account shall constitute general assets of the Company and may be disposed of by the Company at such time and for such purposes, as it may deem appropriate.

Section 10. No Rights as Stockholder or Employee.

- (a) The Grantee shall not have any privileges of a stockholder of the Company with respect to any Performance Shares subject to this Agreement, nor shall the Company have any obligation to issue any dividends or otherwise afford any rights to which Shares are entitled with respect to any such Performance Shares.
 - (b) Nothing in this Agreement or the Award shall confer upon the Grantee any right to continue as an Employee of the Company or any Affiliate or to interfere in any way with the right of the Company or any Affiliate to terminate the Grantee's Service at any time.
-

Section 11. Adjustments. If at any time while the Award is outstanding, the number of outstanding Performance Shares is changed by reason of a reorganization, recapitalization, stock split or any of the other events described in the Plan, the number and kind of Performance Shares shall be adjusted in accordance with the provisions of the Plan. In the event of certain corporate events specified in Article XVI of the Plan, any unvested Performance Shares may be replaced by substituted Awards or forfeited in exchange for payment of cash in accordance with the procedures and provisions of Article XVI of the Plan.

Section 12. Notices. Any notice hereunder by the Grantee shall be given to the Company in writing and such notice shall be deemed duly given only upon receipt thereof at the following address: Corporate Secretary, NiSource Inc., 801 East 86th Avenue, Merrillville, IN 46410-6271, or at such other address as the Company may designate by notice to the Grantee.

Any notice hereunder by the Company shall be given to the Grantee in writing and such notice shall be deemed duly given only upon receipt thereof at such address as the Grantee may have on file with the Company.

Section 13. Administration. The administration of this Agreement, including the interpretation and amendment or termination of this Agreement, will be performed in accordance with the Plan. All determinations and decisions made by the Committee, the Board, or any delegate of the Committee as to the provisions of this Agreement shall be conclusive, final, and binding on all persons. This Agreement at all times shall be governed by the Plan and in no way alter or modify the Plan. To the extent a conflict exists between this Agreement and the Plan, the provisions of the Plan shall govern. Notwithstanding the foregoing, if subsequent guidance is issued under Code Section 409A that would impose additional taxes, penalties, or interest to either the Company or the grantee, the Company may administer this Agreement in accordance with such guidance and amend this Agreement without the Consent of the Grantee to the extent such actions, in the reasonable judgment of the Company, are considered necessary to avoid the imposition of such additional taxes, penalties, or interest.

Section 14. Governing Law. This Agreement shall be construed and enforced in accordance with the laws of the State of Indiana, without giving effect to the choice of law principles thereof.

Section 15. Government Regulations. Notwithstanding anything contained herein to the contrary, the Company's obligation to issue or deliver certificates evidencing the Performance Shares shall be subject to all applicable laws, rules and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

Section 16. Entire Agreement; Code Section 409A Compliance. This Agreement and the Plan contain the terms and conditions with respect to the subject matter hereof and supersede any previous agreements, written or oral, relating to the subject matter hereof. This Agreement is pursuant to the terms of the Company's 2010 Omnibus Incentive Plan (the "Plan"). The applicable terms of the Plan are incorporated herein by reference, including the definition of capitalized terms contained in the Plan, and including the Code Section 409A provisions of Section XIX of the Plan. This Agreement shall be interpreted in accordance with Code Section 409A including the rules related to payment timing for specified employees. This Agreement shall be deemed to be modified to the maximum extent necessary to be in compliance with Code Section 409A's rules. If the Grantee is unexpectedly required to include in the Grantee's current year's income any amount of compensation relating to the Performance Shares because of a failure to meet the requirements of Code Section 409A, then to the extent permitted by Code Section 409A, the Grantee may receive a distribution of Shares in an amount not to exceed the amount required to be included in income as a result of the failure to comply with Code Section 409A.

IN WITNESS WHEREOF, the Company has caused this Award to be granted, and the Grantee has accepted this Award, as of the date first above written.

NISOURCE INC

GRANTEE

By: _____

By: _____

Its: _____

**Certification Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002**

I, Robert C. Skaggs, Jr., certify that:

1. I have reviewed this Quarterly Report of NiSource Inc. on Form 10-Q for the quarter ended March 31, 2014 ;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 30, 2014

By:

/s/ Robert C. Skaggs, Jr.

Robert C. Skaggs, Jr.
Chief Executive Officer

**Certification Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002**

I, Stephen P. Smith, certify that:

1. I have reviewed this Quarterly Report of NiSource Inc. on Form 10-Q for the quarter ended March 31, 2014 ;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 30, 2014

By:

/s/ Stephen P. Smith

Stephen P. Smith
Executive Vice President and Chief
Financial Officer

**Certification Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report of NiSource Inc. (the "Company") on Form 10-Q for the quarter ending March 31, 2014 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Robert C. Skaggs, Jr., Chief Executive Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Robert C. Skaggs, Jr.

Robert C. Skaggs, Jr.
Chief Executive Officer

Date: April 30, 2014

**Certification Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report of NiSource Inc. (the "Company") on Form 10-Q for the quarter ending March 31, 2014 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Stephen P. Smith, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Stephen P. Smith

Stephen P. Smith
Executive Vice President and Chief Financial Officer

Date: April 30, 2014

NISOURCE INC/DE

FORM 10-Q (Quarterly Report)

Filed 07/31/14 for the Period Ending 06/30/14

Address	801 EAST 86TH AVE MERRILLVILLE, IN 46410-6272
Telephone	2196475200
CIK	0001111711
Symbol	NI
Fiscal Year	12/31

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2014

or

- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number 001-16189

NiSource Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

35-2108964

(I.R.S. Employer
Identification No.)

801 East 86th Avenue
Merrillville, Indiana

(Address of principal executive offices)

46410

(Zip Code)

(877) 647-5990

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files.)

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company.

Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: Common Stock, \$0.01 Par Value: 315,318,140 shares outstanding at July 24, 2014 .

NISOURCE INC.
FORM 10-Q QUARTERLY REPORT
FOR THE QUARTER ENDED JUNE 30, 2014

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DEFINED TERMS

The following is a list of frequently used abbreviations or acronyms that are found in this report:

NiSource Subsidiaries and Affiliates

Capital Markets	NiSource Capital Markets, Inc.
CER	Columbia Energy Resources, Inc.
CGORC	Columbia Gas of Ohio Receivables Corporation
Columbia	Columbia Energy Group
Columbia Gulf	Columbia Gulf Transmission, LLC
Columbia of Kentucky	Columbia Gas of Kentucky, Inc.
Columbia of Maryland	Columbia Gas of Maryland, Inc.
Columbia of Massachusetts	Bay State Gas Company
Columbia of Ohio	Columbia Gas of Ohio, Inc.
Columbia of Pennsylvania	Columbia Gas of Pennsylvania, Inc.
Columbia of Virginia	Columbia Gas of Virginia, Inc.
Columbia Transmission	Columbia Gas Transmission, LLC
CPRC	Columbia Gas of Pennsylvania Receivables Corporation
Crossroads Pipeline	Crossroads Pipeline Company
Hardy Storage	Hardy Storage Company, LLC
Kokomo Gas	Kokomo Gas and Fuel Company
Millennium	Millennium Pipeline Company, L.L.C.
NARC	NIPSCO Accounts Receivable Corporation
NDC Douglas Properties	NDC Douglas Properties, Inc.
NEVCO	NiSource Energy Ventures, LLC
NIPSCO	Northern Indiana Public Service Company
NiSource	NiSource Inc.
NiSource Corporate Services	NiSource Corporate Services Company
NiSource Development Company	NiSource Development Company, Inc.
NiSource Finance	NiSource Finance Corp.
Northern Indiana Fuel and Light	Northern Indiana Fuel and Light Company
NiSource Midstream	NiSource Midstream Services, LLC
Pennant	Pennant Midstream, LLC

Abbreviations

AFUDC	Allowance for funds used during construction
AOC	Administrative Order by Consent
AOCI	Accumulated Other Comprehensive Income (Loss)
ASU	Accounting Standards Update
BBA	British Banker Association
Bcf	Billion cubic feet
BNS	Bank of Nova Scotia
BTMU	The Bank of Tokyo-Mitsubishi UFJ, LTD.
BTU	British Thermal Unit
CAA	Clean Air Act
CAIR	Clean Air Interstate Rule
CAMR	Clean Air Mercury Rule

DEFINED TERMS (continued)

CCRs	Coal Combustion Residuals
CO ₂	Carbon Dioxide
CSAPR	Cross-State Air Pollution Rule
DEP	Department of Environmental Protection
DIMP	Distribution Integrity Management Program
DPU	Department of Public Utilities
DSM	Demand Side Management
Dth	Dekatherm
ECR	Environmental Cost Recovery
ECRM	Environmental Cost Recovery Mechanism
ECT	Environmental Cost Tracker
EERM	Environmental Expense Recovery Mechanism
EPA	United States Environmental Protection Agency
EPS	Earnings per share
FAC	Fuel adjustment clause
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
FGD	Flue Gas Desulfurization
FTRs	Financial Transmission Rights
GAAP	Generally Accepted Accounting Principles
GAF	Gas Adjustment Factor
GCIM	Gas Cost Incentive Mechanism
GCR	Gas cost recovery
GHG	Greenhouse gases
gwh	Gigawatt hours
Hilcorp	Hilcorp Energy Company
hp	Horsepower
IDEM	Indiana Department of Environmental Management
INDIEC	Indiana Industrial Energy Consumers, Inc.
IRP	Infrastructure Replacement Program
IURC	Indiana Utility Regulatory Commission
kV	Kilovolt
LDCs	Local distribution companies
LIBOR	London InterBank Offered Rate
LIFO	Last-in, first-out
LNG	Liquefied Natural Gas
MATS	Mercury and Air Toxics Standards
Mcf	Thousand cubic feet
MMcf	Million cubic feet
MGP	Manufactured Gas Plant
MISO	Midcontinent Independent System Operator
Mizuho	Mizuho Corporate Bank Ltd.
MMDth	Million dekatherms
mw	Megawatts
mwh	Megawatt hours

DEFINED TERMS (continued)

NAAQS	National Ambient Air Quality Standards
NGL	Natural Gas Liquids
NOV	Notice of Violation
NO ₂	Nitrogen dioxide
NO _x	Nitrogen oxide
NYMEX	New York Mercantile Exchange
OCI	Other Comprehensive Income (Loss)
OPEB	Other Postretirement Benefits
OUCC	Indiana Office of Utility Consumer Counselor
Piedmont	Piedmont Natural Gas Company, Inc.
PM	Particulate matter
PNC	PNC Bank, N.A.
PUC	Public Utility Commission
PUCO	Public Utilities Commission of Ohio
RA	Resource Adequacy
RACT	Reasonably Available Control Technology
RBS	Royal Bank of Scotland, PLC
RTO	Regional Transmission Organization
SAVE	Steps to Achieve Virginia's Energy
SEC	Securities and Exchange Commission
SIP	State Implementation Plan
SO ₂	Sulfur dioxide
TDSIC	Transmission, Distribution and Storage System Improvement Charge
TUAs	Transmission Upgrade Agreements
VIE	Variable Interest Entities
VSCC	Virginia State Corporation Commission

PART I

ITEM 1. FINANCIAL STATEMENTS

NiSource Inc. Condensed Statements of Consolidated Income (unaudited)

<i>(in millions, except per share amounts)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Net Revenues				
Gas Distribution	\$ 423.5	\$ 393.3	\$ 1,638.5	\$ 1,285.5
Gas Transportation and Storage	390.1	366.5	968.6	835.0
Electric	404.8	384.5	854.8	761.8
Other	116.7	57.2	193.7	101.4
Gross Revenues	1,335.1	1,201.5	3,655.6	2,983.7
Cost of Sales (excluding depreciation and amortization)	371.7	349.3	1,433.0	1,025.3
Total Net Revenues	963.4	852.2	2,222.6	1,958.4
Operating Expenses				
Operation and maintenance	533.1	452.4	1,034.3	906.7
Depreciation and amortization	149.1	143.3	297.8	286.9
Gain on sale of assets, net	(0.7)	(0.2)	(16.4)	(0.4)
Other taxes	73.4	70.7	174.5	157.4
Total Operating Expenses	754.9	666.2	1,490.2	1,350.6
Equity Earnings in Unconsolidated Affiliates	11.1	8.0	20.9	15.1
Operating Income	219.6	194.0	753.3	622.9
Other Income (Deductions)				
Interest expense, net	(109.1)	(102.0)	(218.2)	(200.6)
Other, net	7.5	13.3	12.0	17.4
Total Other Deductions	(101.6)	(88.7)	(206.2)	(183.2)
Income from Continuing Operations before Income Taxes	118.0	105.3	547.1	439.7
Income Taxes	39.5	32.9	202.2	151.3
Income from Continuing Operations	78.5	72.4	344.9	288.4
(Loss) Income from Discontinued Operations - net of taxes	(0.3)	(0.7)	(0.5)	7.4
Gain on Disposition of Discontinued Operations - net of taxes	—	—	—	36.4
Net Income	\$ 78.2	\$ 71.7	\$ 344.4	\$ 332.2
Basic Earnings Per Share				
Continuing operations	\$ 0.25	\$ 0.23	\$ 1.10	\$ 0.92
Discontinued operations	—	—	—	0.14
Basic Earnings Per Share	\$ 0.25	\$ 0.23	\$ 1.10	\$ 1.06
Diluted Earnings Per Share				
Continuing operations	\$ 0.25	\$ 0.23	\$ 1.09	\$ 0.92
Discontinued operations	—	—	—	0.14
Diluted Earnings Per Share	\$ 0.25	\$ 0.23	\$ 1.09	\$ 1.06
Dividends Declared Per Common Share	\$ 0.26	\$ 0.25	\$ 0.76	\$ 0.73
Basic Average Common Shares Outstanding	315.0	312.2	314.6	311.7
Diluted Average Common Shares	316.1	313.2	315.7	312.6

The accompanying Notes to Condensed Consolidated Financial Statements (unaudited) are an integral part of these statements.

[Table of Contents](#)ITEM 1. FINANCIAL STATEMENTS (continued)**NiSource Inc.**
Condensed Statements of Consolidated Comprehensive Income (unaudited)

<i>(in millions, net of taxes)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Net Income	\$ 78.2	\$ 71.7	\$ 344.4	\$ 332.2
Other comprehensive income (loss)				
Net unrealized gain (loss) on available-for-sale securities ⁽¹⁾	0.5	(2.9)	0.8	(3.3)
Net unrealized gain on cash flow hedges ⁽²⁾	0.7	0.5	1.3	1.4
Unrecognized pension and OPEB (cost) benefit ⁽³⁾	(0.1)	2.7	0.1	5.4
Total other comprehensive income	1.1	0.3	2.2	3.5
Total Comprehensive Income	\$ 79.3	\$ 72.0	\$ 346.6	\$ 335.7

⁽¹⁾ Net unrealized gain (loss) on available-for-sale securities, net of \$ 0.2 million tax expense and \$ 1.7 million tax benefit in the second quarter of 2014 and 2013 , respectively, and \$0.4 million tax expense and \$1.8 million tax benefit for the first six months of 2014 and 2013 , respectively.

⁽²⁾ Net unrealized gains on derivatives qualifying as cash flow hedges, net of \$ 0.4 million and \$0.3 million tax expense in the second quarter of 2014 and 2013 , respectively, and \$0.8 million and \$0.9 million tax expense for the first six months of 2014 and 2013 , respectively.

⁽³⁾ Unrecognized pension and OPEB (cost) benefit, net of \$0.7 million tax benefit and \$1.8 million tax expense in the second quarter of 2014 and 2013 , respectively, and \$0.7 million and \$3.5 million tax expense for the first six months of 2014 and 2013 , respectively.

The accompanying Notes to Condensed Consolidated Financial Statements (unaudited) are an integral part of these statements.

[Table of Contents](#)ITEM 1. FINANCIAL STATEMENTS (continued)**NiSource Inc.**
Condensed Consolidated Balance Sheets (unaudited)

<i>(in millions)</i>	June 30, 2014	December 31, 2013
ASSETS		
Property, Plant and Equipment		
Utility plant	\$ 24,202.6	\$ 23,303.7
Accumulated depreciation and amortization	(9,444.2)	(9,256.5)
Net utility plant	14,758.4	14,047.2
Other property, at cost, less accumulated depreciation	330.4	317.9
Net Property, Plant and Equipment	15,088.8	14,365.1
Investments and Other Assets		
Unconsolidated affiliates	437.1	373.7
Other investments	201.9	204.0
Total Investments and Other Assets	639.0	577.7
Current Assets		
Cash and cash equivalents	18.0	26.8
Restricted cash	9.8	8.0
Accounts receivable (less reserve of \$29.7 and \$23.5, respectively)	824.0	1,005.8
Gas inventory	321.6	354.6
Underrecovered gas and fuel costs	75.7	46.4
Materials and supplies, at average cost	106.0	101.2
Electric production fuel, at average cost	41.5	44.6
Price risk management assets	13.2	22.7
Exchange gas receivable	135.7	70.6
Regulatory assets	188.1	142.8
Prepayments and other	320.9	335.7
Total Current Assets	2,054.5	2,159.2
Other Assets		
Regulatory assets	1,454.1	1,522.2
Goodwill	3,666.2	3,666.2
Intangible assets	270.2	275.7
Deferred charges and other	85.0	87.8
Total Other Assets	5,475.5	5,551.9
Total Assets	\$ 23,257.8	\$ 22,653.9

The accompanying Notes to Condensed Consolidated Financial Statements (unaudited) are an integral part of these statements.

[Table of Contents](#)ITEM 1. FINANCIAL STATEMENTS (continued)**NiSource Inc.****Condensed Consolidated Balance Sheets (unaudited) (continued)**

	June 30, 2014	December 31, 2013
<i>(in millions, except share amounts)</i>		
CAPITALIZATION AND LIABILITIES		
Capitalization		
Common Stockholders' Equity		
Common stock - \$0.01 par value, 400,000,000 shares authorized; 315,215,694 and 313,675,911 shares outstanding, respectively	\$ 3.2	\$ 3.2
Additional paid-in capital	4,734.7	4,690.1
Retained earnings	1,390.6	1,285.5
Accumulated other comprehensive loss	(41.4)	(43.6)
Treasury stock	(58.8)	(48.6)
Total Common Stockholders' Equity	6,028.3	5,886.6
Long-term debt, excluding amounts due within one year	7,640.6	7,593.2
Total Capitalization	13,668.9	13,479.8
Current Liabilities		
Current portion of long-term debt	530.0	542.1
Short-term borrowings	1,101.1	698.7
Accounts payable	459.6	619.0
Dividends payable	82.0	—
Customer deposits and credits	241.7	262.6
Taxes accrued	216.1	254.8
Interest accrued	142.0	136.4
Overrecovered gas and fuel costs	49.8	32.2
Exchange gas payable	139.2	186.4
Deferred revenue	8.7	18.5
Regulatory liabilities	88.7	60.2
Accrued liability for postretirement and postemployment benefits	6.2	6.2
Legal and environmental	18.9	32.3
Other accruals	347.4	329.0
Total Current Liabilities	3,431.4	3,178.4
Other Liabilities and Deferred Credits		
Deferred income taxes	3,471.9	3,277.8
Deferred investment tax credits	19.1	20.9
Deferred credits	103.9	91.9
Deferred revenue	20.3	17.1
Accrued liability for postretirement and postemployment benefits	466.1	527.5
Regulatory liabilities	1,673.9	1,669.8
Asset retirement obligations	178.0	174.4
Other noncurrent liabilities	224.3	216.3
Total Other Liabilities and Deferred Credits	6,157.5	5,995.7
Commitments and Contingencies (Refer to Note 17)	—	—
Total Capitalization and Liabilities	\$ 23,257.8	\$ 22,653.9

The accompanying Notes to Condensed Consolidated Financial Statements (unaudited) are an integral part of these statements.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Condensed Statements of Consolidated Cash Flows (unaudited)

Six Months Ended June 30, (in millions)	2014	2013
Operating Activities		
Net Income	\$ 344.4	\$ 332.2
Adjustments to Reconcile Net Income to Net Cash from Continuing Operations:		
Depreciation and amortization	297.8	286.9
Net changes in price risk management assets and liabilities	1.4	1.3
Deferred income taxes and investment tax credits	186.8	168.6
Deferred revenue	1.6	(0.4)
Stock compensation expense and 401(k) profit sharing contribution	27.9	23.0
Gain on sale of assets	(16.4)	(0.4)
Income from unconsolidated affiliates	(20.6)	(15.2)
Gain on disposition of discontinued operations - net of taxes	—	(36.4)
Loss (Income) from discontinued operations - net of taxes	0.5	(7.4)
Amortization of debt related costs	5.1	4.6
AFUDC equity	(9.2)	(8.0)
Distributions of earnings received from equity investees	12.9	12.3
Changes in Assets and Liabilities		
Accounts receivable	176.4	194.5
Income tax receivable	1.0	124.5
Inventories	28.2	73.2
Accounts payable	(170.3)	(119.2)
Customer deposits and credits	(20.9)	(104.8)
Taxes accrued	(43.2)	(47.0)
Interest accrued	5.5	(8.5)
(Under) Overrecovered gas and fuel costs	(11.6)	86.9
Exchange gas receivable/payable	(112.3)	(49.6)
Other accruals	(47.6)	(33.3)
Prepayments and other current assets	43.0	36.2
Regulatory assets/liabilities	14.8	40.9
Postretirement and postemployment benefits	(61.8)	(79.3)
Deferred credits	11.1	9.5
Deferred charges and other noncurrent assets	(0.3)	5.2
Other noncurrent liabilities	7.8	(9.4)
Net Operating Activities from Continuing Operations	652.0	880.9
Net Operating Activities (used for) from Discontinued Operations	(1.0)	13.6
Net Cash Flows from Operating Activities	651.0	894.5
Investing Activities		
Capital expenditures	(852.9)	(801.7)
Insurance recoveries	6.8	—
Proceeds from disposition of assets	6.2	0.7
Restricted cash (deposits) withdrawals	(1.8)	17.4
Contributions to equity investees	(54.8)	(32.7)
Other investing activities	(1.1)	(23.6)
Net Investing Activities used for Continuing Operations	(897.6)	(839.9)
Net Investing Activities from Discontinued Operations	—	121.8
Net Cash Flows used for Investing Activities	(897.6)	(718.1)
Financing Activities		

Issuance of long-term debt	—	815.3
Repayments of long-term debt and capital lease obligations	(13.3)	(451.0)
Change in short-term borrowings, net	402.4	(399.2)
Issuance of common stock	16.1	24.1
Acquisition of treasury stock	(10.2)	(7.9)
Dividends paid - common stock	(157.2)	(149.5)
Net Cash Flows from (used for) Financing Activities	237.8	(168.2)
Change in cash and cash equivalents used for continuing operations	(7.8)	(127.2)
Cash contributions (to) from discontinued operations	(1.0)	135.4
Cash and cash equivalents at beginning of period	26.8	36.3
Cash and Cash Equivalents at End of Period	\$ 18.0	\$ 44.5

The accompanying Notes to Condensed Consolidated Financial Statements (unaudited) are an integral part of these statements.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Condensed Statement of Consolidated Common Stockholders' Equity (unaudited)

<i>(in millions)</i>	Common Stock	Treasury Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income/(Loss)	Total
Balance as of January 1, 2014	\$ 3.2	\$ (48.6)	\$ 4,690.1	\$ 1,285.5	\$ (43.6)	\$ 5,886.6
Comprehensive Income:						
Net Income	—	—	—	344.4	—	344.4
Other comprehensive income, net of tax	—	—	—	—	2.2	2.2
Common stock dividends	—	—	—	(239.3)	—	(239.3)
Treasury stock acquired	—	(10.2)	—	—	—	(10.2)
Issued:						
Employee stock purchase plan	—	—	1.9	—	—	1.9
Long-term incentive plan	—	—	15.0	—	—	15.0
401(k) and profit sharing issuance	—	—	23.8	—	—	23.8
Dividend reinvestment plan	—	—	3.9	—	—	3.9
Balance as of June 30, 2014	\$ 3.2	\$ (58.8)	\$ 4,734.7	\$ 1,390.6	\$ (41.4)	\$ 6,028.3

The accompanying Notes to Condensed Consolidated Financial Statements (unaudited) are an integral part of these statements.

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited)

1. Basis of Accounting Presentation

The accompanying Condensed Consolidated Financial Statements (unaudited) for NiSource (the “Company”) reflect all normal recurring adjustments that are necessary, in the opinion of management, to present fairly the results of operations in accordance with GAAP in the United States of America.

The accompanying financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in NiSource’s Annual Report on Form 10-K for the fiscal year ended December 31, 2013 . Income for interim periods may not be indicative of results for the calendar year due to weather variations and other factors.

The Condensed Consolidated Financial Statements (unaudited) have been prepared pursuant to the rules and regulations of the SEC. Certain information and note disclosures normally included in annual financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to those rules and regulations, although NiSource believes that the disclosures made are adequate to make the information not misleading.

2. Recent Accounting Pronouncements

In June 2014, the FASB issued ASU 2014-12, *Compensation - Stock Compensation (Topic 718): Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period* . ASU 2014-12 clarifies that entities should treat performance targets that can be met after the requisite service period of a share-based payment award as performance conditions that affect vesting. NiSource is required to adopt ASU 2014-12 for periods beginning after December 15, 2015, including interim periods, and the guidance is to be applied prospectively, with early adoption permitted. Retroactive application would apply to awards with performance targets outstanding after the beginning of the first annual period presented. The adoption of this guidance will not have a material impact on the Condensed Consolidated Financial Statements (unaudited) or Notes to Condensed Consolidated Financial Statements (unaudited).

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)* . ASU 2014-09 outlines a single, comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. NiSource is required to adopt ASU 2014-09 for periods beginning after December 15, 2016, including interim periods, and the new standard is to be applied retrospectively with early adoption not permitted. NiSource is currently evaluating the impact the adoption of ASU 2014-09 will have on its Condensed Consolidated Financial Statements (unaudited) and Notes to Condensed Consolidated Financial Statements (unaudited).

In April 2014, the FASB issued ASU 2014-08, *Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360): Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity*. ASU 2014-08 changes the criteria for reporting a discontinued operation. Under the new pronouncement, a disposal of a part of an organization that has a major effect on its operations and financial results is a discontinued operation. NiSource is required to adopt ASU 2014-08 prospectively for all disposals or components of its business classified as held for sale during fiscal periods beginning after December 15, 2014. NiSource is currently evaluating what impact, if any, adoption of ASU 2014-08 will have on its Condensed Consolidated Financial Statements (unaudited) and Notes to Condensed Consolidated Financial Statements (unaudited).

[Table of Contents](#)ITEM 1. FINANCIAL STATEMENTS (continued)**NiSource Inc.****Notes to Condensed Consolidated Financial Statements (unaudited) (continued)****3. Earnings Per Share**

Basic EPS is computed by dividing income available to common stockholders by the weighted-average number of shares of common stock outstanding for the period. The weighted average shares outstanding for diluted EPS includes the incremental effects of the various long-term incentive compensation plans. The numerator in calculating both basic and diluted EPS for each period is reported net income. The computation of diluted average common shares follows:

<i>(in thousands)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Denominator				
Basic average common shares outstanding	315,013	312,177	314,620	311,652
Dilutive potential common shares:				
Stock options	41	171	39	156
Shares contingently issuable under employee stock plans	616	350	580	327
Shares restricted under stock plans	431	471	427	466
Diluted Average Common Shares	316,101	313,169	315,666	312,601

4. Discontinued Operations and Assets and Liabilities Held for Sale

There were no assets and liabilities of discontinued operations and held for sale on the Condensed Consolidated Balance Sheets (unaudited) at June 30, 2014 and December 31, 2013 .

Results from discontinued operations are provided in the following table. These results are primarily from a settlement at NiSource's former exploration and production subsidiary, CER, NiSource's Retail Services business, and NiSource's unregulated natural gas marketing business.

<i>(in millions)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Net Revenues from Discontinued Operations	\$ —	\$ 0.2	\$ —	\$ 0.6
(Loss) Income from discontinued operations	(0.5)	(1.1)	(0.8)	12.0
Income tax (benefit) expense	(0.2)	(0.4)	(0.3)	4.6
(Loss) Income from Discontinued Operations - net of taxes	\$ (0.3)	\$ (0.7)	\$ (0.5)	\$ 7.4
Gain on Disposition of Discontinued Operations - net of taxes	\$ —	\$ —	\$ —	\$ 36.4

5. Asset Retirement Obligations

Certain costs of removal that have been, and continue to be, included in depreciation rates and collected in the service rates of the rate-regulated subsidiaries are classified as "Regulatory liabilities" on the Condensed Consolidated Balance Sheets (unaudited).

[Table of Contents](#)ITEM 1. FINANCIAL STATEMENTS (continued)**NiSource Inc.****Notes to Condensed Consolidated Financial Statements (unaudited) (continued)**

Changes in NiSource's liability for asset retirement obligations for the six months ended June 30, 2014 and 2013 are presented in the table below:

<i>(in millions)</i>	2014	2013
Balance as of January 1,	\$ 174.4	\$ 160.4
Accretion expense	0.8	0.6
Accretion recorded as a regulatory asset/liability	4.2	4.4
Additions	3.0	3.0
Settlements	(1.0)	(0.6)
Change in estimated cash flows	(3.4)	(0.7)
Balance as of June 30,	\$ 178.0	\$ 167.1

6. Regulatory MattersGas Distribution Operations Regulatory Matters

Significant Rate Developments . On April 30, 2013, Indiana Governor Pence signed Senate Enrolled Act 560 into law. Among other provisions, this legislation provides for cost recovery outside of a base rate proceeding for new or replacement electric and gas transmission, distribution, and storage projects that a public utility undertakes for the purposes of safety, reliability, system modernization, or economic development. Provisions of the TDSIC statute require that, among other things, requests for recovery include a seven-year plan of eligible investments. Once the plan is approved by the IURC, 80 percent of eligible costs can be recovered using a periodic rate adjustment mechanism. The cost recovery mechanism is referred to as a TDSIC mechanism. Recoverable costs include a return on, and of, the investment, including AFUDC, post in service carrying charges, operation and maintenance expenses, depreciation, and property taxes. The remaining 20 percent of recoverable costs are to be deferred for future recovery in the public utility's next general rate case. The periodic rate adjustment mechanism is capped at an annual increase of no more than two percent of total retail revenues. On October 3, 2013, NIPSCO filed its gas TDSIC seven-year plan of eligible investments for a total of approximately \$710 million with the IURC. On April 30, 2014, the IURC issued an order approving NIPSCO's gas TDSIC seven-year plan. NIPSCO anticipates filing its request with the IURC for ratemaking and accounting relief associated with the eligible investments in the third quarter of 2014. On May 29, 2014, the NIPSCO Industrial Group filed a Notice of Appeal with the Indiana Court of Appeals in response to the IURC's April 30, 2014 ruling.

On November 25, 2013, Columbia of Ohio filed a Notice of Intent to file an application to adjust rates associated with its IRP and DSM Riders. Columbia of Ohio filed its Application on February 28, 2014, requesting authority to increase revenues by approximately \$25.5 million . The parties have settled all issues, and on April 7, 2014 filed a stipulation providing for a revenue increase of approximately \$25.5 million . On April 23, 2014, Columbia of Ohio received approval of its annual infrastructure replacement and demand-side management rider request from the PUCO. New rates became effective April 30, 2014.

On April 16, 2013, Columbia of Massachusetts submitted a filing with the Massachusetts DPU requesting an annual revenue requirement increase of \$30.1 million . Pursuant to the procedural schedule for this case, on September 3, 2013, Columbia of Massachusetts filed its updated revenue requirement of \$29.5 million and on October 16, 2013, filed an updated cost of service for \$30.0 million . A final revenue requirement update of \$29.9 million was filed on December 16, 2013. On February 28, 2014, the Massachusetts DPU issued an order granting an annual revenue requirement increase of \$19.3 million effective March 1, 2014, and the compliance filing associated with the order has been approved. Columbia of Massachusetts currently has two Motions for Reconsideration and Clarification pending before the Massachusetts DPU with regard to specific findings in the order.

On September 16, 2013, Columbia of Massachusetts filed its Peak Period GAF for the period November 1, 2013 through April 30 2014, and its Peak Period 2012-2013 GAF Reconciliation. On January 17, 2014, Columbia of Massachusetts filed a revision to the GAF effective February 1, 2014, and on February 18, 2014, Columbia of Massachusetts filed its second revision to the GAF effective March 1, 2014, to eliminate Columbia of Massachusetts's projected Peak Period under-collection of \$50.0 million . On February 28, 2014, the Massachusetts DPU approved a revised GAF subject to further review and reconciliation to recover approximately \$25 million of the anticipated under-collection and defer recovery of the remaining \$25 million to November 2014

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

through April 2015, and thus, this deferred amount will be incorporated into the proposed GAF to be submitted in September 2014 in Columbia of Massachusetts's 2014-2015 Peak Period GAF filing.

On March 21, 2014, Columbia of Pennsylvania filed a base rate case with the Pennsylvania PUC, seeking a revenue increase of approximately \$54.1 million annually. The case is driven by Columbia of Pennsylvania's capital investment program which exceeds \$180 million in both 2014 and 2015 as well as new pipeline safety-related operation and maintenance expenditures. Columbia of Pennsylvania seeks Pennsylvania PUC approval to implement additional rates to recover costs that are projected to be incurred after the implementation of those new rates, as authorized by the Pennsylvania General Assembly with the passage of Act 11 of 2012. Columbia of Pennsylvania's filing seeks to implement rates in December 2014 under which Columbia of Pennsylvania would immediately begin to recover costs that are projected for the twelve-month period ending December 31, 2015. The case is currently in discovery, and a final order from the Pennsylvania PUC is expected in the fourth quarter of 2014.

On April 30, 2014, Columbia of Virginia filed a base rate case with the VSCC seeking an annual revenue increase of \$31.8 million, which includes \$6.9 million in annual revenues currently collected as a separate infrastructure replacement rider on customers' bills under the Virginia SAVE Plan Act. The SAVE rider will be reset to zero and these revenues will be moved into non-gas base rates, resulting in a proposed net revenue increase of \$24.9 million per year. Columbia of Virginia also seeks to recover costs related to its implementation of pipeline safety programs and forward looking adjustments to its capital investments and changes in operating costs projected to occur during the rate year ending September 30, 2015. In addition, Columbia of Virginia is proposing a change from volumetric based (Mcf) billing to thermal based (Btu) billing. The VSCC issued a procedural order in the case on May 28, 2014 which scheduled the case for hearing on December 9, 2014. New rates are subject to refund and are scheduled to become effective October 1, 2014.

Cost Recovery and Trackers. A significant portion of the distribution companies' revenue is related to the recovery of gas costs, the review and recovery of which occurs via standard regulatory proceedings. All states require periodic review of actual gas procurement activity to determine prudence and to permit the recovery of prudently incurred costs related to the supply of gas for customers. NiSource distribution companies have historically been found prudent in the procurement of gas supplies to serve customers.

Certain operating costs of the NiSource distribution companies are significant, recurring in nature, and generally outside the control of the distribution companies. Some states allow the recovery of such costs via cost tracking mechanisms. Such tracking mechanisms allow for abbreviated regulatory proceedings in order for the distribution companies to implement charges and recover appropriate costs. Tracking mechanisms allow for more timely recovery of such costs as compared with more traditional cost recovery mechanisms. Examples of such mechanisms include GCR adjustment mechanisms, tax riders, gas energy efficiency programs, and bad debt recovery mechanisms.

Comparability of Gas Distribution Operations line item operating results is impacted by regulatory trackers that allow for the recovery in rates of certain costs such as bad debt expenses. Increases in the expenses that are subject to trackers result in a corresponding increase in net revenues and therefore have essentially no impact on total operating income results.

Certain of the NiSource distribution companies have completed rate proceedings involving infrastructure replacement or are embarking upon regulatory initiatives to replace significant portions of their operating systems that are nearing the end of their useful lives. Each LDC's approach to cost recovery may be unique, given the different laws, regulations and precedent that exist in each jurisdiction.

Columbia Pipeline Group Operations Regulatory Matters

Significant Rate Developments. On January 30, 2014, Columbia Transmission received FERC approval of its December 2013 filing to recover costs associated with the first year of its comprehensive system modernization program. During 2013, Columbia Transmission completed more than 30 individual projects representing a total investment of about \$300 million. The program includes replacement of aging pipeline and compressor facilities, enhancements to system inspection capabilities, and improvements in real-time analytics and control systems. Recovery of the 2013 investments began on February 1, 2014.

The second year of the program includes planned modernization investments of approximately \$300 million. Columbia Transmission and its customers have agreed to the initial five years of the comprehensive modernization program, with an opportunity to mutually extend the agreement.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

Cost Recovery Trackers. A significant portion of the regulated transmission and storage companies' revenue is related to the recovery of their operating costs, the review and recovery of which occurs via standard regulatory proceedings with the FERC under section 4 of the Natural Gas Act. However, certain operating costs of the NiSource regulated transmission and storage companies are significant and recurring in nature, such as fuel for compression and lost and unaccounted for gas. The FERC allows for the recovery of such costs via cost tracking mechanisms. These tracking mechanisms allow the transmission and storage companies' rates to fluctuate in response to changes in certain operating costs or conditions as they occur to facilitate the timely recovery of its costs incurred. The tracking mechanisms involve a rate adjustment that is filed at a predetermined frequency, typically annually, with the FERC and is subject to regulatory review before new rates go into effect. Other such costs under regulatory tracking mechanisms include third-party pipeline transportation, electric compression, certain environmental, and certain operational purchases and sales of natural gas.

Electric Operations Regulatory Matters

Significant Rate Developments . On July 19, 2013, NIPSCO filed its electric TDSIC, further discussed above, with the IURC. The filing included the seven-year plan of eligible investments for a total of approximately \$1.1 billion with the majority of the spend occurring in years 2016 through 2020. On February 17, 2014, the IURC issued an order approving NIPSCO's seven-year plan of eligible investments. The Order also granted NIPSCO ratemaking relief associated with the eligible investments through a rate adjustment mechanism. NIPSCO anticipates filing its first semi-annual tracker petition in the third quarter of 2014. On March 10, 2014, the OUCC filed a Petition for Reconsideration with the IURC, and the IURC denied that Petition for Reconsideration on May 7, 2014. In addition, the NIPSCO Industrial Group and the OUCC have filed Notices of Appeal with the Indiana Court of Appeals in response to the IURC's ruling, which are still pending.

On November 12, 2013, several industrial customers, including INDIEC, filed a complaint at the FERC regarding the 12.38% base ROE used to set the MISO Transmission Owners' transmission rates and requesting a reduction in the base ROE to 9.15% . The complaint further requests that FERC limit the capital structure of MISO Transmission Owners to no more than 50% common equity for ratemaking purposes and that FERC eliminate incentive adders for membership in a RTO. NIPSCO joined in an answer defending the 12.38% base ROE and motion to dismiss the complaint filed on behalf of a group of MISO Transmission Owners on January 6, 2014. NIPSCO is unable to estimate the impact of this complaint or the timing of any potential impact at this time.

Cost Recovery and Trackers . A significant portion of NIPSCO's revenue is related to the recovery of fuel costs to generate power and purchased power. These costs are recovered through a FAC, a standard, quarterly, "summary" regulatory proceeding in Indiana.

Certain operating costs of the Electric Operations are significant, recurring in nature, and generally outside the control of NIPSCO. The IURC allows for recovery of such costs via cost tracking mechanisms. Such tracking mechanisms allow for abbreviated regulatory proceedings in order for NIPSCO to implement charges and recover appropriate costs. Tracking mechanisms allow for more timely recovery of such costs as compared with more traditional cost recovery mechanisms. Examples of such mechanisms include electric energy efficiency programs, MISO non-fuel costs and revenues, federally mandated costs, resource capacity charges, and environmental related costs.

NIPSCO has approval from the IURC to recover certain environmental related costs through an ECT. Under the ECT, NIPSCO is permitted to recover (1) AFUDC and a return on the capital investment expended by NIPSCO to implement environmental compliance plan projects through an ECRM and (2) related operation and maintenance and depreciation expenses once the environmental facilities become operational through an EERM. On April 30, 2014, the IURC issued an order on ECR-23 approving NIPSCO's request to begin earning a return on \$583.5 million of net capital expenditures.

7. Risk Management Activities

NiSource is exposed to certain risks relating to its ongoing business operations. The primary risks managed by using derivative instruments are commodity price risk and interest rate risk. Derivative natural gas contracts are entered into to manage the price risk associated with natural gas price volatility and to secure forward natural gas prices. Interest rate swaps are entered into to manage interest rate risk or fair value risk associated with NiSource's borrowings. NiSource designates some of its commodity forward contracts as cash flow hedges of forecasted purchases of commodities and designates its interest rate swaps as fair value hedges of fixed-rate borrowings.

Accounting Policy for Derivative Instruments. Unrealized and realized gains and losses are recognized each period as components of AOCI, regulatory assets and liabilities or earnings depending on the designation of the derivative instrument and regulatory

[Table of Contents](#)ITEM 1. FINANCIAL STATEMENTS (continued)**NiSource Inc.****Notes to Condensed Consolidated Financial Statements (unaudited) (continued)**

accounting treatment. For subsidiaries that utilize derivatives for cash flow hedges, the effective portions of the gains and losses are recorded to AOCI and are recognized in earnings concurrent with the disposition of the hedged risks. If a forecasted transaction corresponding to a cash flow hedge is no longer probable to occur, the accumulated gains or losses on the derivative are recognized currently in earnings. For fair value hedges, the gains and losses are recorded in earnings each period together with the change in the fair value of the hedged item. As a result of the ratemaking process, the rate-regulated subsidiaries generally record gains and losses as regulatory liabilities or assets and recognize such gains or losses in earnings when both the contracts settle and the physical commodity flows. These gains and losses recognized in earnings are then subsequently recovered or passed back to customers in revenues through rates. When gains and losses are recognized in earnings, they are recognized in revenues or cost of sales for derivatives that correspond to commodity risk activities and are recognized in interest expense for derivatives that correspond to interest rate risk activities.

For its commodity price risk programs, NiSource has elected not to net the fair value amounts of its derivative instruments or the fair value amounts recognized for its right to receive or obligation to pay cash collateral arising from those derivative instruments recognized at fair value, which are executed with the same counterparty under a master netting arrangement. NiSource discloses amounts recognized for the right to reclaim cash collateral within "Restricted cash" and amounts recognized for the obligation to return cash collateral within "Other accruals" on the Condensed Consolidated Balance Sheets (unaudited).

Commodity Price Risk Programs . Commodity price risk program derivatives consist of NYMEX gas options, NYMEX gas futures and FTRs. Contracted gross volumes are as follows:

	June 30, 2014	December 31, 2013
Commodity Price Risk Program:		
Gas price volatility program derivatives (MMDth)	16.7	17.0
Price Protection Service program derivatives (MMDth)	0.2	0.7
DependaBill program derivatives (MMDth)	0.2	0.2
Electric hedging program (mwh)	0.1	—
Electric energy program FTR derivatives (mw)	4,700.0	1,248.0

Interest Rate Risk Activities . NiSource recognizes that the prudent and selective use of derivatives may help it to lower its cost of debt capital and manage its interest rate exposure. NiSource Finance has entered into various "receive fixed" and "pay floating" interest rate swap agreements which modify the interest rate characteristics of a portion of its outstanding long-term debt from fixed to variable rate. These interest rate swaps also serve to hedge the fair market value of NiSource Finance's outstanding debt portfolio. As of June 30, 2014 , NiSource had \$7.7 billion of outstanding fixed rate debt, of which \$500 million is subject to fluctuations in interest rates as a result of the fixed-to-variable interest rate swap transactions. These interest rate swaps are designated as fair value hedges. NiSource had no net gain or loss recognized in earnings due to hedging ineffectiveness for the six months ended June 30, 2014 and 2013 .

On July 22, 2003, NiSource Finance entered into fixed-to-variable interest rate swap agreements in a notional amount of \$500 million with four counterparties which expired on July 15, 2014 . NiSource Finance received payments based upon a fixed 5.40% interest rate and paid a floating interest amount based on U.S. 6-month BBA LIBOR plus an average of 0.78% per annum. There was no exchange of premium at the initial date of the swaps.

Contemporaneously with the issuance on September 16, 2005 of \$1.0 billion of its 5.25% and 5.45% notes, maturing September 15, 2017 and 2020, respectively, NiSource Finance settled \$900 million of forward starting interest rate swap agreements with six counterparties. NiSource paid an aggregate settlement payment of \$35.5 million which is being amortized from AOCI to interest expense over the term of the underlying debt, resulting in an effective interest rate of 5.67% and 5.88% , respectively. As of June 30, 2014 , AOCI includes \$7.4 million related to forward starting interest rate swap settlement, net of tax. These derivative contracts are accounted for as a cash flow hedge.

As of June 30, 2014 , NiSource holds a 47.5% interest in Millennium. As NiSource reports Millennium as an equity method investment, NiSource is required to recognize a proportional share of Millennium's OCI. NiSource's proportionate share of the remaining unrecognized loss associated with settled interest rate swaps was \$17.1 million and \$17.7 million , net of tax, as of June 30, 2014 and December 31, 2013 , respectively. Millennium is amortizing the losses related to these terminated interest rate swaps into earnings using the effective interest method through interest expense as interest payments are made. NiSource records its proportionate share of the amortization as Equity Earnings in Unconsolidated Affiliates in the Condensed Statements of Consolidated Income (unaudited).

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

NiSource's location and fair value of derivative instruments on the Condensed Consolidated Balance Sheets (unaudited) were:

Asset Derivatives (in millions)	June 30, 2014	December 31, 2013
Balance Sheet Location	Fair Value	Fair Value
Derivatives designated as hedging instruments		
Interest rate risk activities		
Price risk management assets (current)	\$ 10.7	\$ 21.2
Total derivatives designated as hedging instruments	\$ 10.7	\$ 21.2
Derivatives not designated as hedging instruments		
Commodity price risk programs		
Price risk management assets (current)	\$ 2.5	\$ 1.5
Price risk management assets (noncurrent) ⁽¹⁾	0.1	0.5
Total derivatives not designated as hedging instruments	\$ 2.6	\$ 2.0
Total Asset Derivatives	\$ 13.3	\$ 23.2

⁽¹⁾This is included in "Deferred charges and other" on the Condensed Consolidated Balance Sheets (unaudited).

There were no significant liability derivatives as of June 30, 2014 and December 31, 2013 .

As noted in NiSource's accounting policy for derivative instruments, above, for its commodity price risk programs, NiSource has elected not to net fair value amounts for its derivative instruments or the fair value amounts recognized for its right to receive cash collateral or obligation to pay cash collateral arising from those derivative instruments recognized at fair value, which are executed with the same counterparty under a master netting arrangement. No material amounts were subject to an enforceable master netting agreement not otherwise disclosed as of June 30, 2014 and December 31, 2013 .

The effect of derivative instruments on the Condensed Statements of Consolidated Income (unaudited) was:

Derivatives in Cash Flow Hedging Relationships

Three Months Ended (in millions)

Derivatives in Cash Flow Hedging Relationships	Amount of Loss Recognized in OCI on Derivative (Effective Portion)		Location of Loss Reclassified from AOCI into Income (Effective Portion)	Amount of Loss Reclassified from AOCI into Income (Effective Portion)	
	June 30, 2014	June 30, 2013		June 30, 2014	June 30, 2013
Commodity price risk programs	\$ —	\$ (0.1)	Cost of Sales	\$ —	\$ —
Interest rate risk activities	—	—	Interest expense, net	(0.4)	(0.4)
Total	\$ —	\$ (0.1)		\$ (0.4)	\$ (0.4)

Six Months Ended (in millions)

Derivatives in Cash Flow Hedging Relationships	Amount of Gain Recognized in OCI on Derivative (Effective Portion)		Location of (Loss) Gain Reclassified from AOCI into Income (Effective Portion)	Amount of (Loss) Gain Reclassified from AOCI into Income (Effective Portion)	
	June 30, 2014	June 30, 2013		June 30, 2014	June 30, 2013
Commodity price risk programs	\$ 0.1	\$ —	Cost of Sales	\$ (0.2)	\$ 0.1
Interest rate risk activities	—	—	Interest expense, net	(0.8)	(0.8)
Total	\$ 0.1	\$ —		\$ (1.0)	\$ (0.7)

[Table of Contents](#)ITEM 1. FINANCIAL STATEMENTS (continued)**NiSource Inc.****Notes to Condensed Consolidated Financial Statements (unaudited) (continued)**

There was no income statement recognition of gains or losses for the ineffective portion and amounts excluded from effectiveness testing for derivatives in cash flow hedging relationships for the three and six months ended June 30, 2014 and 2013 .

It is anticipated that during the next twelve months the expiration and settlement of cash flow hedge contracts will result in income statement recognition of amounts currently classified in AOCI of approximately zero .

Derivatives in Fair Value Hedging RelationshipsThree Months Ended (*in millions*)

Derivatives in Fair Value Hedging Relationships	Location of Gain Recognized in Income on Derivatives	Amount of Gain Recognized in Income on Derivatives	
		June 30, 2014	June 30, 2013
Interest rate risk activities	Interest expense, net	\$ —	\$ 0.2
Total		\$ —	\$ 0.2

Six Months Ended (*in millions*)

Derivatives in Fair Value Hedging Relationships	Location of Loss Recognized in Income on Derivatives	Amount of Loss Recognized in Income on Derivatives	
		June 30, 2014	June 30, 2013
Interest rate risk activities	Interest expense, net	\$ (10.4)	\$ (9.5)
Total		\$ (10.4)	\$ (9.5)

Three Months Ended (*in millions*)

Hedged Item in Fair Value Hedge Relationships	Location of Loss Recognized in Income on Related Hedged Item	Amount of Loss Recognized in Income on Related Hedged Items	
		June 30, 2014	June 30, 2013
Fixed-rate debt	Interest expense, net	\$ —	\$ (0.2)
Total		\$ —	\$ (0.2)

Six Months Ended (*in millions*)

Hedged Item in Fair Value Hedge Relationships	Location of Gain Recognized in Income on Related Hedged Item	Amount of Gain Recognized in Income on Related Hedged Items	
		June 30, 2014	June 30, 2013
Fixed-rate debt	Interest expense, net	\$ 10.4	\$ 9.5
Total		\$ 10.4	\$ 9.5

[Table of Contents](#)ITEM 1. FINANCIAL STATEMENTS (continued)**NiSource Inc.****Notes to Condensed Consolidated Financial Statements (unaudited) (continued)**Derivatives not designated as hedging instrumentsThree Months Ended (*in millions*)

Derivatives Not Designated as Hedging Instruments	Location of Gain (Loss) Recognized in Income on Derivatives	Amount of Realized/Unrealized Gain (Loss) Recognized in Income on Derivatives ⁽¹⁾	
		June 30, 2014	June 30, 2013
Commodity price risk programs	Gas Distribution revenues	\$ —	\$ (0.1)
Commodity price risk programs	Cost of Sales	4.2	7.7
Commodity price risk programs	Income from Discontinued Operations - net of taxes	—	0.1
Total		\$ 4.2	\$ 7.7

⁽¹⁾ For the amounts of realized/unrealized gain (loss) recognized in income on derivatives disclosed in the table above, gains of \$4.2 million and \$7.6 million for the three months ended June 30, 2014 and 2013, respectively, were deferred as allowed per regulatory orders. These amounts will be amortized to income over future periods of up to twelve months as specified in a regulatory order.

Six Months Ended (*in millions*)

Derivatives Not Designated as Hedging Instruments	Location of Gain Recognized in Income on Derivatives	Amount of Realized/Unrealized Gain Recognized in Income on Derivatives ⁽²⁾	
		June 30, 2014	June 30, 2013
Commodity price risk programs	Cost of Sales	\$ 11.1	\$ 1.0
Commodity price risk programs	Income from Discontinued Operations - net of taxes	—	0.3
Total		\$ 11.1	\$ 1.3

⁽²⁾ For the amounts of realized/unrealized gain (loss) recognized in income on derivatives disclosed in the table above, gains of \$11.1 million and \$1.0 million for the six months ended June 30, 2014 and 2013, respectively, were deferred as allowed per regulatory orders. These amounts will be amortized to income over future periods of up to twelve months as specified in a regulatory order.

NiSource's derivative instruments measured at fair value as of June 30, 2014 and December 31, 2013 do not contain any credit-risk-related contingent features.

Certain NiSource affiliates have physical commodity purchase agreements that contain "ratings triggers" that require increases in collateral if the credit rating of NiSource or certain of its affiliates are rated below BBB- by Standard & Poor's or below Baa3 by Moody's. These agreements are primarily for the physical purchase or sale of natural gas and electricity. The collateral requirement from a downgrade below the ratings trigger levels would amount to approximately \$0.7 million. In addition to agreements with ratings triggers, there are some agreements that contain "adequate assurance" or "material adverse change" provisions that could result in additional credit support such as letters of credit and cash collateral to transact business.

NiSource had \$7.8 million and \$5.9 million of cash on deposit with brokers and MISO for collateral requirements associated with open derivative positions reflected within "Restricted cash" on the Condensed Consolidated Balance Sheets (unaudited) as of June 30, 2014 and December 31, 2013, respectively.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

8. Fair Value

A. Fair Value Measurements

Recurring Fair Value Measurements. The following tables present financial assets and liabilities measured and recorded at fair value on NiSource's Condensed Consolidated Balance Sheets (unaudited) on a recurring basis and their level within the fair value hierarchy as of June 30, 2014 and December 31, 2013 :

Recurring Fair Value Measurements June 30, 2014 (in millions)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of June 30, 2014
Assets				
Price risk management assets:				
Commodity financial price risk programs	\$ 2.6	\$ —	\$ —	\$ 2.6
Interest rate risk activities	—	10.7	—	10.7
Available-for-sale securities	24.3	94.3	—	118.6
Total	\$ 26.9	\$ 105.0	\$ —	\$ 131.9

Liabilities				
Price risk management liabilities:				
Commodity financial price risk programs	\$ 0.9	\$ —	\$ 0.2	\$ 1.1
Total	\$ 0.9	\$ —	\$ 0.2	\$ 1.1

Recurring Fair Value Measurements December 31, 2013 (in millions)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of December 31, 2013
Assets				
Price risk management assets:				
Commodity financial price risk programs	\$ 2.1	\$ —	\$ —	\$ 2.1
Interest rate risk activities	—	21.1	—	21.1
Available-for-sale securities	25.3	96.1	—	121.4
Total	\$ 27.4	\$ 117.2	\$ —	\$ 144.6

Liabilities				
Price risk management liabilities:				
Commodity Financial price risk programs	\$ 1.6	\$ —	\$ 0.1	\$ 1.7
Total	\$ 1.6	\$ —	\$ 0.1	\$ 1.7

Price risk management assets and liabilities include commodity exchange-traded and non-exchange-based derivative contracts. Exchange-traded derivative contracts are based on unadjusted quoted prices in active markets and are classified within Level 1. These financial assets and liabilities are secured with cash on deposit with the exchange; therefore nonperformance risk has not been incorporated into these valuations. Certain non-exchange-traded derivatives are valued using broker or over-the-counter, on-line exchanges. In such cases, these non-exchange-traded derivatives are classified within Level 2. Non-exchange-based derivative instruments include swaps, forwards, and options. In certain instances, these instruments may utilize models to measure fair value. NiSource uses a similar model to value similar instruments. Valuation models utilize various inputs that include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, other observable inputs for the asset or liability, and market-corroborated inputs, i.e., inputs derived principally from or corroborated by observable market data by correlation or other means. Where observable inputs are available for substantially the full term of the asset or liability, the instrument is categorized in Level 2. Certain derivatives trade in less active markets with a lower availability of pricing information and models may be utilized in the valuation. When such inputs have a significant impact on the measurement

[Table of Contents](#)ITEM 1. FINANCIAL STATEMENTS (continued)**NiSource Inc.****Notes to Condensed Consolidated Financial Statements (unaudited) (continued)**

of fair value, the instrument is categorized in Level 3. Credit risk is considered in the fair value calculation of derivative instruments that are not exchange-traded. Credit exposures are adjusted to reflect collateral agreements which reduce exposures. As of June 30, 2014 and December 31, 2013, there were no material transfers between fair value hierarchies. Additionally, there were no changes in the method or significant assumptions used to estimate the fair value of NiSource's financial instruments.

Price risk management assets also include fixed-to-floating interest rate swaps, which are designated as fair value hedges, as a means to achieve NiSource's targeted level of variable-rate debt as a percent of total debt. NiSource uses a calculation of future cash inflows and estimated future outflows related to the swap agreements, which are discounted and netted to determine the current fair value. Additional inputs to the present value calculation include the contract terms, as well as market parameters such as current and projected interest rates and volatility. As they are based on observable data and valuations of similar instruments, the interest rate swaps are categorized in Level 2 in the fair value hierarchy. Credit risk is considered in the fair value calculation of the interest rate swap.

Available-for-sale securities are investments pledged as collateral for trust accounts related to NiSource's wholly-owned insurance company. Available-for-sale securities are included within "Other investments" in the Condensed Consolidated Balance Sheets (unaudited). Securities classified within Level 1 include U.S. Treasury debt securities which are highly liquid and are actively traded in over-the-counter markets. NiSource values corporate and mortgage-backed debt securities using a matrix pricing model that incorporates market-based information. These securities trade less frequently and are classified within Level 2. Total gains and losses from available-for-sale securities are included in other comprehensive income (loss). The amortized cost, gross unrealized gains and losses, and fair value of available-for-sale debt securities at June 30, 2014 and December 31, 2013 were:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
June 30, 2014 <i>(in millions)</i>				
Available-for-sale debt securities				
U.S. Treasury	\$ 26.9	\$ 0.3	\$ (0.2)	\$ 27.0
Corporate/Other	90.8	1.3	(0.5)	91.6
Total Available-for-sale debt securities	\$ 117.7	\$ 1.6	\$ (0.7)	\$ 118.6
December 31, 2013 <i>(in millions)</i>				
Available-for-sale debt securities				
U.S. Treasury	\$ 30.3	\$ 0.3	\$ (0.5)	\$ 30.1
Corporate/Other	91.5	1.1	(1.3)	91.3
Total Available-for-sale debt securities	\$ 121.8	\$ 1.4	\$ (1.8)	\$ 121.4

For the three months ended June 30, 2014 and 2013, the net realized gain on the sale of available-for-sale U.S. Treasury debt securities was zero and \$0.2 million, respectively. For the three months ended June 30, 2014 and 2013, the net realized gain on the sale of available-for-sale Corporate/Other bond debt securities was \$0.1 million for each period.

For the six months ended June 30, 2014 and 2013, the net realized gain on the sale of available-for-sale U.S. Treasury debt securities was \$0.1 million and \$0.4 million, respectively. For the six months ended June 30, 2014 and 2013, the net realized gain on the sale of available-for-sale Corporate/Other bond debt securities was \$0.2 million and \$0.3 million, respectively.

The cost of maturities sold is based upon specific identification. At June 30, 2014, approximately \$4.9 million of U.S. Treasury debt securities have maturities of less than a year while the remaining securities have maturities of greater than one year. At June 30, 2014, approximately \$6.3 million of Corporate/Other bonds have maturities of less than a year while the remaining securities have maturities of greater than one year.

There are no material items in the fair value reconciliation of Level 3 assets and liabilities measured at fair value on a recurring basis for the three and six months ended June 30, 2014 and 2013.

Non-recurring Fair Value Measurements. There were no significant non-recurring fair value measurements recorded during the six months ended June 30, 2014.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

B. Other Fair Value Disclosures for Financial Instruments. The carrying amount of cash and cash equivalents, restricted cash, notes receivable, customer deposits and short-term borrowings is a reasonable estimate of fair value due to their liquid or short-term nature. NiSource's long-term borrowings are recorded at historical amounts unless designated as a hedged item in a fair value hedge.

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate fair value.

Long-term Debt. The fair values of these securities are estimated based on the quoted market prices for the same or similar issues or on the rates offered for securities of the same remaining maturities. Certain premium costs associated with the early settlement of long-term debt are not taken into consideration in determining fair value. These fair value measurements are classified as Level 2 within the fair value hierarchy. For the six months ended June 30, 2014 and 2013, there were no changes in the method or significant assumptions used to estimate the fair value of the financial instruments.

The carrying amount and estimated fair values of financial instruments were as follows:

<i>(in millions)</i>	Carrying Amount as of June 30, 2014	Estimated Fair Value as of June 30, 2014	Carrying Amount as of Dec. 31, 2013	Estimated Fair Value as of Dec. 31, 2013
Long-term debt (including current portion)	\$ 8,170.6	\$ 9,123.1	\$ 8,135.3	\$ 8,697.3

9. Transfers of Financial Assets

Transfers of accounts receivable are accounted for as secured borrowings resulting in the recognition of short-term borrowings on the Condensed Consolidated Balance Sheets (unaudited). The maximum amount of debt that can be recognized related to NiSource's accounts receivable programs is \$515 million .

All accounts receivables sold to the commercial paper conduits are valued at face value, which approximates fair value due to their short-term nature. The amount of the undivided percentage ownership interest in the accounts receivables sold is determined in part by required loss reserves under the agreements. Below is information about the accounts receivable securitization agreements entered into by NiSource's subsidiaries.

Columbia of Ohio is under an agreement to sell, without recourse, substantially all of its trade receivables, as they originate, to CGORC, a wholly-owned subsidiary of Columbia of Ohio. CGORC, in turn, is party to an agreement with BTMU and BNS under the terms of which it sells an undivided percentage ownership interest in its accounts receivable to commercial paper conduits sponsored by BTMU and BNS. This agreement was last renewed on October 18, 2013. The maximum seasonal program limit under the terms of the current agreement is \$240 million . The current agreement expires on October 17, 2014, and can be further renewed if mutually agreed to by all parties. As of June 30, 2014, \$150.0 million of accounts receivable had been transferred by CGORC. CGORC is a separate corporate entity from NiSource and Columbia of Ohio, with its own separate obligations, and upon a liquidation of CGORC, CGORC's obligations must be satisfied out of CGORC's assets prior to any value becoming available to CGORC's stockholder.

NIPSCO is under an agreement to sell, without recourse, substantially all of its trade receivables, as they originate, to NARC, a wholly-owned subsidiary of NIPSCO. NARC, in turn, is party to an agreement with PNC and Mizuho under the terms of which it sells an undivided percentage ownership interest in its accounts receivable to commercial paper conduits sponsored by PNC and Mizuho. This agreement was last renewed on August 28, 2013. The maximum seasonal program limit under the terms of the current agreement is \$200 million . The current agreement expires on August 27, 2014, and can be further renewed if mutually agreed to by all parties. As of June 30, 2014, \$125.0 million of accounts receivable had been transferred by NARC. NARC is a separate corporate entity from NiSource and NIPSCO, with its own separate obligations, and upon a liquidation of NARC, NARC's obligations must be satisfied out of NARC's assets prior to any value becoming available to NARC's stockholder.

Columbia of Pennsylvania is under an agreement to sell, without recourse, substantially all of its trade receivables, as they originate, to CPRC, a wholly-owned subsidiary of Columbia of Pennsylvania. CPRC, in turn, is party to an agreement with BTMU under the terms of which it sells an undivided percentage ownership interest in its accounts receivable to a commercial paper conduit sponsored by BTMU. The maximum seasonal program limit under the terms of the agreement is \$75 million . The agreement with BTMU was renewed on March 11, 2014, having a current scheduled termination date of March 10, 2015, and can be further

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

renewed if mutually agreed to by both parties. As of June 30, 2014, \$25.0 million of accounts receivable had been transferred by CPRC. CPRC is a separate corporate entity from NiSource and Columbia of Pennsylvania, with its own separate obligations, and upon a liquidation of CPRC, CPRC's obligations must be satisfied out of CPRC's assets prior to any value becoming available to CPRC's stockholder.

The following table reflects the gross and net receivables transferred as well as short-term borrowings related to the securitization transactions as of June 30, 2014 and December 31, 2013 for Columbia of Ohio, NIPSCO and Columbia of Pennsylvania:

<i>(in millions)</i>	June 30, 2014		December 31, 2013	
Gross Receivables	\$	503.3	\$	610.9
Less: Receivables not transferred		203.3		345.8
Net receivables transferred	\$	300.0	\$	265.1
Short-term debt due to asset securitization	\$	300.0	\$	265.1

Columbia of Ohio, NIPSCO and Columbia of Pennsylvania remain responsible for collecting on the receivables securitized and the receivables cannot be sold to another party.

10. Goodwill

NiSource tests its goodwill for impairment annually as of May 1 unless indicators, events, or circumstances would require an immediate review. Goodwill is tested for impairment using financial information at the reporting unit level, which is consistent with the level of discrete financial information reviewed by operating segment management. NiSource's three reporting units are Columbia Distribution Operations, Columbia Transmission Operations and NIPSCO Gas Distribution Operations.

NiSource's goodwill assets as of June 30, 2014 were \$3.7 billion pertaining primarily to the acquisition of Columbia on November 1, 2000. Of this amount, approximately \$2.0 billion is allocated to Columbia Transmission Operations and \$1.7 billion is allocated to Columbia Distribution Operations. In addition, NIPSCO Gas Distribution Operations' goodwill assets of \$17.8 million at June 30, 2014 relate to the purchase of Northern Indiana Fuel and Light in March 1993 and Kokomo Gas in February 1992.

NiSource completed a quantitative ("step 1") fair value measurement of its reporting units during the May 1, 2012 goodwill test. The test indicated that the fair value of each of the reporting units that carry or are allocated goodwill substantially exceeded their carrying values, indicating that no impairment existed.

ASU 2011-08 allows entities testing goodwill for impairment the option of performing a qualitative ("step 0") assessment before calculating the fair value of a reporting unit for the goodwill impairment test. If a step 0 assessment is performed, an entity is no longer required to calculate the fair value of a reporting unit unless the entity determines that, based on that assessment, it is more likely than not that its fair value is less than its carrying amount.

NiSource applied the qualitative step 0 analysis to its reporting units for the annual impairment test performed as of May 1, 2014. For the current year test, NiSource assessed various assumptions, events and circumstances that would have affected the estimated fair value of the reporting units as compared to its base line May 1, 2012 step 1 fair value measurement. The results of this assessment indicated that it is not more likely than not that its reporting unit fair values are less than the reporting unit carrying values.

NiSource considered whether there were any events or changes in circumstances subsequent to the annual test that would reduce the fair value of any of the reporting units below their carrying amounts and necessitate another goodwill impairment test. No such indicators were noted that would require a subsequent goodwill impairment testing during the second quarter.

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

11. Income Taxes

NiSource's interim effective tax rates reflect the estimated annual effective tax rates for 2014 and 2013, adjusted for tax expense associated with certain discrete items. The effective tax rates for the three months ended June 30, 2014 and 2013 were 33.5% and 31.2%, respectively. The effective tax rate for the six months ended June 30, 2014 and 2013 were 37.0% and 34.4%, respectively. These effective tax rates differ from the Federal tax rate of 35% primarily due to the effects of tax credits, state income taxes, utility ratemaking, and other permanent book-to-tax differences.

The increase in the three month effective tax rate of 2.3% in 2014 versus 2013 is primarily due to deferred tax adjustments recorded in 2013 related to state apportionment changes. The increase in the year-to-date effective tax rate of 2.6% is primarily due to the impact of the Indiana tax rate change, see below for further information, and deferred tax adjustments recorded in 2013 related to state apportionment changes.

On March 25, 2014, the governor of Indiana signed into law Senate Bill 1, which among other things, lowers the corporate income tax rate from 6.5% to 4.9% over six years beginning on July 1, 2015. The reduction in the tax rate will impact deferred income taxes and tax related regulatory assets and liabilities recoverable in the ratemaking process. In addition, other deferred tax assets and liabilities, primarily deferred tax assets related to the Indiana net operating loss carry forward, will be reduced to reflect the lower rate at which these temporary differences and tax benefits will be realized. In the first quarter of 2014, NiSource recorded tax expense of \$7.1 million to reflect the effect of this rate change. This expense is largely attributable to the remeasurement of the Indiana net operating loss at the 4.9% rate. The majority of NiSource's tax temporary differences are related to NIPSCO's utility plant. The remeasurement of these temporary differences at 4.9% was recorded as a reduction of a regulatory asset.

There were no material changes recorded in the second quarter of 2014 to NiSource's uncertain tax positions as of December 31, 2013.

12. Pension and Other Postretirement Benefits

NiSource provides defined contribution plans and noncontributory defined benefit retirement plans that cover its employees. Benefits under the defined benefit retirement plans reflect the employees' compensation, years of service and age at retirement. Additionally, NiSource provides health care and life insurance benefits for certain retired employees. The majority of employees may become eligible for these benefits if they reach retirement age while working for NiSource. The expected cost of such benefits is accrued during the employees' years of service. Current rates of rate-regulated companies include postretirement benefit costs, including amortization of the regulatory assets that arose prior to inclusion of these costs in rates. For most plans, cash contributions are remitted to grantor trusts.

For the six months ended June 30, 2014, NiSource has contributed \$12.5 million to its pension plans and \$20.1 million to its other postretirement benefit plans.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

The following tables provide the components of the plans' net periodic benefits cost for the three and six months ended June 30, 2014 and 2013 :

Three Months Ended June 30, <i>(in millions)</i>	Pension Benefits		Other Postretirement Benefits	
	2014	2013	2014	2013
Components of Net Periodic Benefit Cost				
Service cost	\$ 8.7	\$ 9.3	\$ 2.2	\$ 3.0
Interest cost	27.3	24.3	7.8	8.1
Expected return on assets	(45.3)	(42.1)	(9.1)	(7.6)
Amortization of transition obligation	—	—	—	0.1
Amortization of prior service cost (credit)	—	0.1	(0.9)	(0.2)
Recognized actuarial loss	11.9	19.7	0.1	2.8
Settlement loss	—	3.6	—	—
Total Net Periodic Benefit Costs	\$ 2.6	\$ 14.9	\$ 0.1	\$ 6.2

Six Months Ended June 30, <i>(in millions)</i>	Pension Benefits		Other Postretirement Benefits	
	2014	2013	2014	2013
Components of Net Periodic Benefit Cost				
Service cost	\$ 17.4	\$ 18.7	\$ 4.5	\$ 6.0
Interest cost	54.6	48.6	16.0	16.2
Expected return on assets	(90.6)	(84.5)	(18.2)	(15.2)
Amortization of transition obligation	—	—	—	0.2
Amortization of prior service cost (credit)	—	0.2	(1.5)	(0.4)
Recognized actuarial loss	23.8	40.4	0.1	5.6
Settlement loss	—	24.3	—	—
Total Net Periodic Benefit Costs	\$ 5.2	\$ 47.7	\$ 0.9	\$ 12.4

In 2013, NiSource pension plans had lump sum payouts exceeding the plan's 2013 service cost plus interest cost and, therefore, settlement accounting was required.

13. Variable Interests and Variable Interest Entities

In general, a VIE is an entity that (1) has an insufficient amount of at-risk equity to permit the entity to finance its activities without additional financial subordinated support provided by any parties, (2) whose at-risk equity owners, as a group, do not have power, through voting rights or similar rights, to direct activities of the entity that most significantly impact the entity's economic performance or (3) whose at-risk owners do not absorb the entity's losses or receive the entity's residual return. A VIE is required to be consolidated by a company if that company is determined to be the primary beneficiary of the VIE.

NiSource consolidates those VIEs for which it is the primary beneficiary. NiSource considers quantitative and qualitative elements in determining the primary beneficiary. Qualitative measures include the ability to control an entity and the obligation to absorb losses or the right to receive benefits.

NiSource's analysis includes an assessment of guarantees, operating leases, purchase agreements, and other contracts, as well as its investments and joint ventures. For items that have been identified as variable interests, or where there is involvement with an identified VIE, an in-depth review of the relationship between the relevant entities and NiSource is made to evaluate qualitative and quantitative factors to determine the primary beneficiary, if any, and whether additional disclosures would be required under the current standard.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

NIPSCO has a service agreement with Pure Air, a general partnership between Air Products and Chemicals, Inc. and First Air Partners LP, under which Pure Air provides scrubber services to reduce sulfur dioxide emissions for Units 7 and 8 at the Bailly Generating Station. NiSource has made an exhaustive effort to obtain information needed from Pure Air to determine the status of Pure Air as a VIE. However, NIPSCO has not been able to obtain this information and as a result, it is unclear whether Pure Air is a VIE and if NIPSCO is the primary beneficiary. NIPSCO will continue to request the information required to determine whether Pure Air is a VIE. NIPSCO has no exposure to loss related to the service agreement with Pure Air and payments under this agreement were \$10.6 million and \$6.4 million for the six months ended June 30, 2014 and 2013, respectively.

14. Long-Term Debt

On July 15, 2014, NiSource Finance redeemed \$500.0 million of 5.40% senior unsecured notes at maturity.

15. Short-Term Borrowings

NiSource Finance maintains a \$2.0 billion revolving credit facility with a syndicate of banks led by Barclays Capital with a termination date of September 28, 2018. The purpose of the facility is to fund ongoing working capital requirements including the provision of liquidity support for NiSource's \$1.5 billion commercial paper program, provide for issuance of letters of credit, and also for general corporate purposes. At June 30, 2014, NiSource had no outstanding borrowings under this facility.

NiSource Finance's commercial paper program has a program limit of up to \$1.5 billion with a dealer group comprised of Barclays, Citigroup, Credit Suisse, RBS and Wells Fargo. Commercial paper issuances are supported by available capacity under NiSource's \$2.0 billion unsecured revolving credit facility. At June 30, 2014, NiSource had \$801.1 million of commercial paper outstanding.

As of June 30, 2014, NiSource had \$30.5 million of stand-by letters of credit outstanding of which \$14.3 million were under the revolving credit facility. At December 31, 2013, NiSource had \$31.6 million of stand-by letters of credit outstanding of which \$14.3 million were under the revolving credit facility.

Transfers of accounts receivable are accounted for as secured borrowings resulting in the recognition of short-term debt on the Condensed Consolidated Balance Sheets (unaudited) in the amount of \$300.0 million and \$265.1 million as of June 30, 2014 and December 31, 2013, respectively. Refer to Note 9, "Transfers of Financial Assets," for additional information.

<i>(in millions)</i>	June 30, 2014	December 31, 2013
Commercial Paper weighted average interest rate of 0.63% and 0.70% at June 30, 2014 and December 31, 2013, respectively.	\$ 801.1	\$ 433.6
Accounts receivable securitization facility borrowings	300.0	265.1
Total Short-Term Borrowings	\$ 1,101.1	\$ 698.7

Given their turnover is less than 90 days, cash flows related to the borrowings and repayments of the items listed above are presented net in the Condensed Statements of Consolidated Cash Flows (unaudited).

16. Share-Based Compensation

The stockholders approved and adopted the NiSource Inc. 2010 Omnibus Incentive Plan (the "Omnibus Plan"), at the Annual Meeting of Stockholders held on May 11, 2010. The Omnibus Plan provides for awards to employees and non-employee directors of incentive and nonqualified stock options, stock appreciation rights, restricted stock and restricted stock units, performance shares, performance units, cash-based awards and other stock-based awards. The Omnibus Plan provides that the number of shares of common stock of NiSource available for awards is 8,000,000 plus the number of shares subject to outstanding awards granted under either the 1994 Plan (defined below) or the Director Stock Incentive Plan ("Director Plan") that expire or terminate for any reason. No further awards are permitted to be granted under the 1994 Plan or the Director Plan. At June 30, 2014, there were 6,320,477 shares reserved for future awards under the Omnibus Plan.

Prior to May 11, 2010, NiSource issued long-term equity incentive grants to key management employees under a long-term incentive plan approved by stockholders on April 13, 1994 ("1994 Plan"). The types of equity awards previously authorized under the 1994 Plan did not significantly differ from those permitted under the Omnibus Plan.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

NiSource recognized stock-based employee compensation expense of \$5.7 million and \$4.4 million for the three months ended June 30, 2014 and 2013, respectively, as well as related tax benefits of \$1.9 million and \$1.4 million, respectively. For the six months ended June 30, 2014 and 2013, stock-based employee compensation expense of \$11.0 million and \$8.7 million was recognized, respectively, as well as related tax benefit of \$4.1 million and \$3.0 million, respectively.

As of June 30, 2014, the total remaining unrecognized compensation cost related to nonvested awards amounted to \$28.9 million, which will be amortized over the weighted-average remaining requisite service period of 2.3 years.

Stock Options. As of June 30, 2014, approximately 0.1 million options were outstanding and exercisable with a weighted average strike price of \$22.62. No options were granted during the six months ended June 30, 2014 and 2013. As of June 30, 2014, the aggregate intrinsic value for the options outstanding and exercisable was \$2.4 million. During the six months ended June 30, 2014 and 2013, cash received from the exercise of options was \$5.9 million and \$15.3 million, respectively.

Restricted Stock Units and Restricted Stock. During the six months ended June 30, 2014, NiSource granted 88,655 restricted stock units and shares of restricted stock, subject to service conditions. The total grant date fair value of restricted stock units and shares of restricted stock was \$2.8 million, based on the average market price of NiSource's common stock at the date of each grant less the present value of any dividends not received during the vesting period, which will be expensed, net of forfeitures, over the vesting period which is generally three years. As of June 30, 2014, 257,351 nonvested (all of which are expected to vest) restricted stock units and shares of restricted stock were granted and outstanding.

Performance Shares. During the six months ended June 30, 2014, NiSource granted 535,037 performance shares subject to service and performance conditions. The grant date fair value of the awards was \$16.6 million, based on the average market price of NiSource's common stock at the date of each grant less the present value of dividends not received during the vesting period which will be expensed, net of forfeitures, over the three year requisite service and performance period. As of June 30, 2014, 1,735,551 nonvested performance shares were granted and outstanding.

401(k) Match, Profit Sharing and Company Contribution. NiSource has a voluntary 401(k) savings plan covering eligible employees that allows for periodic discretionary matches as a percentage of each participant's contributions payable in shares of common stock. NiSource also has a retirement savings plan that provides for discretionary profit sharing contributions payable in shares of common stock to eligible employees based on earnings results; and eligible exempt employees hired after January 1, 2010, receive a non-elective company contribution of three percent of eligible pay payable in shares of common stock. For the quarters ended June 30, 2014 and 2013, NiSource recognized 401(k) match, profit sharing and non-elective contribution expense of \$8.4 million and \$7.9 million, respectively. For the six months ended June 30, 2014 and 2013, NiSource recognized 401(k) match, profit sharing and non-elective contribution expenses of \$16.9 million and \$14.3 million, respectively.

17. Other Commitments and Contingencies

A. Guarantees and Indemnities. As a part of normal business, NiSource and certain subsidiaries enter into various agreements providing financial or performance assurance to third parties on behalf of certain subsidiaries. Such agreements include guarantees and stand-by letters of credit. These agreements are entered into primarily to support or enhance the creditworthiness otherwise attributed to a subsidiary on a stand-alone basis, thereby facilitating the extension of sufficient credit to accomplish the subsidiaries' intended commercial purposes. The total guarantees and indemnities in existence at June 30, 2014 and the years in which they expire were:

<i>(in millions)</i>	Total	2014	2015	2016	2017	2018	After
Guarantees of subsidiaries debt	\$ 7,710.5	\$ 500.0	\$ 230.0	\$ 616.5	\$ 507.0	\$ 800.0	\$ 5,057.0
Accounts receivable securitization	300.0	300.0	—	—	—	—	—
Lines of credit	801.1	801.1	—	—	—	—	—
Letters of credit	30.5	12.6	17.9	—	—	—	—
Other guarantees	180.9	49.4	29.5	—	—	—	102.0
Total commercial commitments	\$ 9,023.0	\$ 1,663.1	\$ 277.4	\$ 616.5	\$ 507.0	\$ 800.0	\$ 5,159.0

Guarantees of Subsidiaries Debt. NiSource has guaranteed the payment of \$7.7 billion of debt for various wholly-owned subsidiaries including NiSource Finance and Columbia of Massachusetts, and through a support agreement, Capital Markets,

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

which is reflected on NiSource's Condensed Consolidated Balance Sheets (unaudited). The subsidiaries are required to comply with certain covenants under the debt indenture and in the event of default, NiSource would be obligated to pay the debt's principal and related interest. NiSource does not anticipate its subsidiaries will have any difficulty maintaining compliance. On October 3, 2011, NiSource executed a Second Supplemental Indenture to the original Columbia of Massachusetts Indenture dated April 1, 1991, for the specific purpose of guaranteeing Columbia of Massachusetts' outstanding medium-term notes.

Lines and Letters of Credit and Accounts Receivable Advances. NiSource Finance maintains a \$2.0 billion revolving credit facility with a syndicate of banks led by Barclays Capital with a termination date of September 28, 2018 . The purpose of the facility is to fund ongoing working capital requirements including the provision of liquidity support for NiSource's \$1.5 billion commercial paper program, provide for the issuance of letters of credit, and also for general corporate purposes. At June 30, 2014 , NiSource had no borrowings under its five-year revolving credit facility, \$801.1 million in commercial paper outstanding and \$300.0 million outstanding under its accounts receivable securitization agreements. At June 30, 2014 , NiSource issued stand-by letters of credit of approximately \$30.5 million for the benefit of third parties. See Note 15, "Short-Term Borrowings," for additional information.

Other Guarantees or Obligations. NiSource has additional purchase and sales agreement guarantees totaling \$67.6 million , which guarantee performance of the seller's covenants, agreements, obligations, liabilities, representations and warranties under the agreements. No amounts related to the purchase and sales agreement guarantees are reflected in the Condensed Consolidated Balance Sheets (unaudited). Management believes that the likelihood NiSource would be required to perform or otherwise incur any significant losses associated with any of the aforementioned guarantees is remote.

NiSource has on deposit a letter of credit with Union Bank, N.A., Collateral Agent, in a debt service reserve account in association with Millennium's notes as required under the Deposit and Disbursement Agreement that governs the Millennium notes. This account is to be drawn upon by the note holders in the event that Millennium is delinquent on its principal and interest payments. The value of NiSource's letter of credit represents 47.5% (NiSource's ownership percentage in Millennium) of the debt service reserve account requirement, or \$16.2 million . The total exposure for NiSource is \$16.2 million . NiSource has an accrued liability of \$1.5 million related to the inception date fair value of this guarantee as of June 30, 2014 .

NiSource has issued other guarantees supporting derivative related payments associated with interest rate swap agreements issued by NiSource Finance, operating leases for many of its subsidiaries and for other agreements entered into by its current and former subsidiaries.

B. Other Legal Proceedings. In the normal course of its business, NiSource and its subsidiaries have been named as defendants in various legal proceedings. In the opinion of management, the ultimate disposition of these currently asserted claims will not have a material impact on NiSource's consolidated financial statements.

C. Environmental Matters. NiSource operations are subject to environmental statutes and regulations related to air quality, water quality, hazardous waste and solid waste. NiSource believes that it is in substantial compliance with those environmental regulations currently applicable to its operations and believes that it has all necessary permits to conduct its operations.

It is management's continued intent to address environmental issues in cooperation with regulatory authorities in such a manner as to achieve mutually acceptable compliance plans. However, there can be no assurance that fines and penalties will not be incurred. Management expects a significant portion of environmental assessment and remediation costs to be recoverable through rates for certain NiSource companies.

As of June 30, 2014 and December 31, 2013 , NiSource had recorded an accrual of approximately \$132.9 million and \$143.9 million , respectively, to cover environmental remediation at various sites. The current portion of this accrual is included in "Legal and environmental" in the Condensed Consolidated Balance Sheets (unaudited). The noncurrent portion is included in "Other noncurrent liabilities" in the Condensed Consolidated Balance Sheets (unaudited). NiSource accrues for costs associated with environmental remediation obligations when the incurrence of such costs is probable and the amounts can be reasonably estimated. The original estimates for cleanup can differ materially from the amount ultimately expended. The actual future expenditures depend on many factors, including currently enacted laws and regulations, the nature and extent of contamination, the method of cleanup, and the availability of cost recovery from customers. These expenditures are not currently estimable at some sites. NiSource periodically adjusts its accrual as information is collected and estimates become more refined.

Air

The actions listed below could require further reductions in emissions from various emission sources. NiSource will continue to closely monitor developments in these matters.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

Climate Change . On June 2, 2014, the EPA proposed a GHG performance standard for existing fossil-fuel fired electric generating units under section 111(d) of the Clean Air Act. The proposed rule establishes state-specific CO₂ emission rate goals and requires each state to submit a plan indicating how the generating units within the state will meet the EPA's emission rate goal. Final CO₂ emission rate standards are expected to be set by the EPA in June 2015, and state plans are required to be submitted to the EPA as early as June 2016. The cost to comply with this rule will depend on a number of factors, including the requirements of the final federal regulation and the level of NIPSCO's required GHG reductions. It is possible that this new rule, comprehensive federal or state GHG legislation, or other GHG regulation could result in additional expense or compliance costs that could materially impact NiSource's financial results.

National Ambient Air Quality Standards . The CAA requires the EPA to set NAAQS for particulate matter and five other pollutants considered harmful to public health and the environment. Periodically the EPA imposes new or modifies existing NAAQS. States that contain areas that do not meet the new or revised standards must take steps to maintain or achieve compliance with the standards. These steps could include additional pollution controls on boilers, engines, turbines, and other facilities owned by electric generation, gas distribution, and gas transmission operations.

The following NAAQS were recently added or modified:

Particulate Matter: In December 2009, the EPA issued area designations for the 2006 24-hour PM_{2.5} standard, and several counties in which NiSource operates were designated as non-attainment. In addition, a final rule was promulgated in December 2012 that lowered the annual PM_{2.5} standard from 15 to 12 µg/m³. NiSource will continue to monitor these matters and cannot estimate their impact at this time.

Ozone (eight hour): On September 2, 2011, the EPA announced it would implement its 2008 eight-hour ozone NAAQS rather than tightening the standard in 2012. The EPA will review, and possibly propose a new standard in 2014. In addition, the EPA has designated the Chicago metropolitan area, including the area in which NIPSCO operates one of its electric generation facilities, as non-attainment for ozone. NiSource will continue to monitor this matter and cannot estimate the impact of any new rules at this time.

Nitrogen Dioxide (NO₂): The EPA revised the NO₂ NAAQS by adding a one-hour standard while retaining the annual standard. The new standard could impact some NiSource combustion sources. The EPA designated all areas of the country as unclassifiable/attainment in January 2012. After the establishment of a new monitoring network and possible modeling implementation, areas will potentially be re-designated sometime in 2016. States with areas that do not meet the standard will be required to develop rules to bring areas into compliance within five years of designation. Additionally, under certain permitting circumstances emissions from some existing NiSource combustion sources may need to be assessed and mitigated. NiSource will continue to monitor this matter and cannot estimate the impact of these rules at this time.

Waste

NiSource subsidiaries are potentially responsible parties at waste disposal sites under the CERCLA (commonly known as Superfund) and similar state laws. Additionally, a program has been instituted to identify and investigate former MGP sites where Gas Distribution Operations subsidiaries or predecessors may have liability. The program has identified 66 such sites where liability is probable. Remedial actions at many of these sites are being overseen by state or federal environmental agencies through consent agreements or voluntary remediation agreements.

NiSource utilizes a probabilistic model to estimate its future remediation costs related to its MGP sites. The model was prepared with the assistance of a third party and incorporates NiSource and general industry experience with remediating MGP sites. NiSource completes an annual refresh of the model in the second quarter of each fiscal year. No material changes to the estimated liability were noted as a result of the refresh completed as of June 30, 2014. The total estimated liability at NiSource related to the facilities subject to remediation was \$123.7 million and \$129.5 million at June 30, 2014 and December 31, 2013, respectively. The liability represents NiSource's best estimate of the probable cost to remediate the facilities. NiSource believes that it is reasonably possible that remediation costs could vary by as much as \$25 million in addition to the costs noted above. Remediation costs are estimated based on the best available information, applicable remediation standards at the balance sheet date, and experience with similar facilities.

Additional Issues Related to Individual Business Segments

The sections below describe various regulatory actions that affect Columbia Pipeline Group Operations and Electric Operations.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

Columbia Pipeline Group Operations.

Air

In April 2014, the Pennsylvania DEP proposed a rule, *Additional RACT Requirements for Major Sources of NOx and VOCs*, which may require emissions reductions from several Columbia Transmission turbines and reciprocating engines. Management has been provided three years to make its emissions sources compliant. The rule is expected to be finalized by the end of 2014. Columbia Transmission will continue to monitor developments in this matter and cannot estimate costs at this time.

Waste

Columbia Transmission continues to conduct characterization and remediation activities at specific sites under a 1995 AOC (subsequently modified in 1996 and 2007). NiSource utilizes a probabilistic model to estimate its future remediation costs related to the 1995 AOC. The model was prepared with the assistance of a third party and incorporates NiSource and general industry experience with remediating sites. NiSource completes an annual refresh of the model in the second quarter of each fiscal year. No material changes to the liability were noted as a result of the refresh completed as of June 30, 2014. The total remaining liability at Columbia Transmission related to the facilities subject to remediation was \$4.1 million and \$8.7 million at June 30, 2014 and December 31, 2013, respectively. The liability represents Columbia Transmission's best estimate of the cost to remediate the facilities or manage the sites. Remediation costs are estimated based on the information available, applicable remediation standards, and experience with similar facilities. Columbia Transmission expects that the remediation for these facilities will be substantially completed in 2015.

Electric Operations.

Air

NIPSCO is subject to a number of new air-quality mandates in the next several years. These mandates require NIPSCO to make capital improvements to its electric generating stations. The cost of capital improvements is estimated to be \$860 million, of which approximately \$195.2 million remains to be spent. This figure includes additional capital improvements associated with the New Source Review Consent Decree and the Utility Mercury and Air Toxics Standards Rule. NIPSCO believes that the capital costs will likely be recoverable from customers.

EPA Cross-State Air Pollution Rule / Clean Air Interstate Rule (CAIR) / Transport Rule: On July 6, 2011, the EPA announced its replacement for the 2005 CAIR to reduce the interstate transport of fine particulate matter and ozone. The CSAPR reduces overall emissions of SO₂ and NO_x by setting state-wide caps on power plant emissions. The EPA initially intended to implement an emissions trading program and other aspects of the CSAPR in 2012, but this implementation date was delayed by litigation. The EPA now is seeking permission from a court to begin enforcing CSAPR on January 1, 2015. The EPA's implementation of CSAPR would not significantly impact NIPSCO's current emissions control plans. NIPSCO utilizes the inventory model in accounting for emission allowances issued under the CAIR program whereby these allowances were recognized at zero cost upon receipt from the EPA. NIPSCO believes its current multi-pollutant compliance plan and New Source Review Consent Decree capital investments will allow NIPSCO to meet the emission requirements of CSAPR.

Utility Mercury and Air Toxics Standards Rule: On December 16, 2011, the EPA finalized the MATS rule establishing new emissions limits for mercury and other air toxics. Compliance for NIPSCO's affected units is required by April 2016. NIPSCO is implementing an IURC-approved plan for environmental controls to comply with MATS.

New Source Review: On September 29, 2004, the EPA issued an NOV to NIPSCO for alleged violations of the CAA and the Indiana SIP. The NOV alleged that modifications were made to certain boiler units at three of NIPSCO's generating stations between the years 1985 and 1995 without obtaining appropriate air permits for the modifications. NIPSCO, the EPA, the Department of Justice, and IDEM have settled the matter through a consent decree, entered on July 22, 2011.

Water

The Phase II Rule of the Clean Water Act Section 316(b), which requires all large existing steam electric generating stations to meet certain performance standards to reduce the effects on aquatic organisms at their cooling water intake structures, became effective on September 7, 2004. Under this rule, stations will either have to demonstrate that the performance of their existing fish protection systems meet the new standards or develop new systems, such as a closed-cycle cooling tower. A pre-publication version of the final rule was released on May 19, 2014. NIPSCO is still evaluating the final rule and cannot estimate the cost of compliance at this time.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

On June 7, 2013, the EPA published a proposed rule to amend the effluent limitations guidelines and standards for the Steam Electric Power Generating category. These proposed regulations could impose new water treatment requirements on NIPSCO's electric generating facilities. NIPSCO will continue to monitor developments in this matter and cannot estimate the cost of compliance at this time.

Waste

On June 21, 2010, the EPA published a proposed rule for regulation of CCRs. The proposal outlines multiple regulatory approaches that the EPA is considering. These proposed regulations could negatively affect NIPSCO's ongoing byproduct reuse programs and would impose additional requirements on its management of coal combustion residuals. NIPSCO will continue to monitor developments in this matter and cannot estimate the cost of compliance at this time.

D. Other Matters.

Transmission Upgrade Agreements. On February 11, 2014, NIPSCO entered into TUAs with upgrade sponsors to complete upgrades on NIPSCO's transmission system on behalf of those sponsors. The upgrade sponsors have agreed to reimburse NIPSCO for the total cost to construct transmission upgrades and place them into service, which is estimated at \$50.3 million, multiplied by a rate of 1.71 ("the multiplier").

On June 10, 2014, certain upgrade sponsors for both TUAs, filed a complaint at FERC against NIPSCO regarding the multiplier stated in the TUAs. On June 30, 2014, NIPSCO filed an answer defending the terms of the TUAs and the just and reasonable nature of the multiplier charged therein and moved for dismissal of the complaint. NIPSCO will continue to monitor developments in this matter but cannot estimate the impact (if any) on the Condensed Consolidated Financial Statements (unaudited) the complaint will have at this time.

Springfield, Massachusetts. On November 23, 2012, while Columbia of Massachusetts was investigating the source of an odor of gas at a service location in Springfield, Massachusetts, a gas service line was pierced and an explosion occurred. While this explosion impacted multiple buildings and resulted in several injuries, no life threatening injuries or fatalities have been reported. Columbia of Massachusetts is fully cooperating with both the Massachusetts DPU and the Occupational Safety & Health Administration in their investigations of this incident. Columbia of Massachusetts believes any costs associated with damages, injuries, and other losses related to this incident are substantially covered by insurance. Any amounts not covered by insurance are not expected to have a material impact on NiSource's consolidated financial statements. In accordance with GAAP, NiSource recorded any accruals and the related insurance recoveries resulting from this incident on a gross basis within the Condensed Consolidated Balance Sheets (unaudited).

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

18. Accumulated Other Comprehensive Loss

The following tables display the components of Accumulated Other Comprehensive Loss for the three and six months ended June 30, 2014 and 2013 :

Three Months Ended June 30, 2014 <i>(in millions)</i>	Gains and Losses on Securities ⁽¹⁾	Gains and Losses on Cash Flow Hedges ⁽¹⁾	Pension and OPEB Items ⁽¹⁾	Accumulated Other Comprehensive Loss ⁽¹⁾
Balance as of April 1, 2014	\$ —	\$ (25.2)	\$ (17.3)	\$ (42.5)
Other comprehensive income before reclassifications	0.5	—	(0.3)	0.2
Amounts reclassified from accumulated other comprehensive income	—	0.7	0.2	0.9
Net current-period other comprehensive income	0.5	0.7	(0.1)	1.1
Balance as of June 30, 2014	\$ 0.5	\$ (24.5)	\$ (17.4)	\$ (41.4)

Six Months Ended June 30, 2014 <i>(in millions)</i>	Gains and Losses on Securities ⁽¹⁾	Gains and Losses on Cash Flow Hedges ⁽¹⁾	Pension and OPEB Items ⁽¹⁾	Accumulated Other Comprehensive Loss ⁽¹⁾
Balance as of January 1, 2014	\$ (0.3)	\$ (25.8)	\$ (17.5)	\$ (43.6)
Other comprehensive income before reclassifications	1.0	0.1	(0.3)	0.8
Amounts reclassified from accumulated other comprehensive income	(0.2)	1.2	0.4	1.4
Net current-period other comprehensive (loss) income	0.8	1.3	0.1	2.2
Balance as of June 30, 2014	\$ 0.5	\$ (24.5)	\$ (17.4)	\$ (41.4)

Three Months Ended June 30, 2013 <i>(in millions)</i>	Gains and Losses on Securities ⁽¹⁾	Gains and Losses on Cash Flow Hedges ⁽¹⁾	Pension and OPEB Items ⁽¹⁾	Accumulated Other Comprehensive Loss ⁽¹⁾
Balance as of April 1, 2013	\$ 2.2	\$ (27.7)	\$ (36.8)	\$ 62.3
Other comprehensive income before reclassifications	(2.8)	(0.1)	1.9	(1.0)
Amounts reclassified from accumulated other comprehensive income	(0.1)	0.6	0.8	1.3
Net current-period other comprehensive income	(2.9)	0.5	2.7	0.3
Balance as of June 30, 2013	\$ (0.7)	\$ (27.2)	\$ (34.1)	\$ (62.0)

Six Months Ended June 30, 2013 <i>(in millions)</i>	Gains and Losses on Securities ⁽¹⁾	Gains and Losses on Cash Flow Hedges ⁽¹⁾	Pension and OPEB Items ⁽¹⁾	Accumulated Other Comprehensive Loss ⁽¹⁾
Balance as of January 1, 2013	\$ 2.6	\$ (28.6)	\$ (39.5)	\$ (65.5)
Other comprehensive income before reclassifications	(2.9)	—	3.2	0.3
Amounts reclassified from accumulated other comprehensive income	(0.4)	1.4	2.2	3.2
Net current-period other comprehensive (loss) income	(3.3)	1.4	5.4	3.5
Balance as of June 30, 2013	\$ (0.7)	\$ (27.2)	\$ (34.1)	\$ (62.0)

⁽¹⁾ All amounts are net of tax. Amounts in parentheses indicate debits.

Equity Investment

As Millennium is an equity method investment, NiSource is required to recognize a proportional share of Millennium's OCI. The remaining unrecognized loss at June 30, 2014 of \$17.1 million, net of tax, related to terminated interest rate swaps is being amortized over the period ending June 2025 into earnings using the effective interest method through interest expense as interest payments are made by Millennium. The unrecognized loss of \$17.1 million and \$17.7 million at June 30, 2014 and December 31, 2013, respectively, is included in gains and losses on cash flow hedges above.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

19. Business Segment Information

Operating segments are components of an enterprise for which separate financial information is available and evaluated regularly by the chief operating decision maker in deciding how to allocate resources and assess performance. NiSource's Chief Executive Officer is the chief operating decision maker.

At June 30, 2014, NiSource's operations are divided into three primary business segments. The Gas Distribution Operations segment provides natural gas service and transportation for residential, commercial and industrial customers in Ohio, Pennsylvania, Virginia, Kentucky, Maryland, Indiana and Massachusetts. The Columbia Pipeline Group Operations segment offers gas transportation and storage services for LDCs, marketers and industrial and commercial customers located in northeastern, mid-Atlantic, midwestern and southern states along with unregulated businesses that include midstream services and development of mineral rights positions. The Electric Operations segment provides electric service in 20 counties in the northern part of Indiana.

The following table provides information about business segments. NiSource uses operating income as its primary measurement for each of the reported segments and makes decisions on finance, dividends and taxes at the corporate level on a consolidated basis. Segment revenues include intersegment sales to affiliated subsidiaries, which are eliminated in consolidation. Affiliated sales are recognized on the basis of prevailing market, regulated prices or at levels provided for under contractual agreements. Operating income is derived from revenues and expenses directly associated with each segment.

<i>(in millions)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Revenues				
Gas Distribution Operations				
Unaffiliated	\$ 616.5	\$ 572.4	\$ 2,181.9	\$ 1,717.3
Intersegment	0.1	—	0.3	0.2
Total	616.6	572.4	2,182.2	1,717.5
Columbia Pipeline Group Operations				
Unaffiliated	311.3	242.3	614.5	500.7
Intersegment	32.2	31.5	74.6	74.5
Total	343.5	273.8	689.1	575.2
Electric Operations				
Unaffiliated	405.3	384.9	855.5	762.3
Intersegment	0.1	0.2	0.3	0.4
Total	405.4	385.1	855.8	762.7
Corporate and Other				
Unaffiliated	2.0	1.9	3.7	3.4
Intersegment	128.9	110.0	255.7	231.7
Total	130.9	111.9	259.4	235.1
Eliminations	(161.3)	(141.7)	(330.9)	(306.8)
Consolidated Gross Revenues	\$ 1,335.1	\$ 1,201.5	\$ 3,655.6	\$ 2,983.7
Operating Income (Loss)				
Gas Distribution Operations	\$ 59.8	\$ 50.0	\$ 361.6	\$ 284.1
Columbia Pipeline Group Operations	103.7	88.8	262.6	222.3
Electric Operations	62.9	59.5	141.8	124.7
Corporate and Other	(6.8)	(4.3)	(12.7)	(8.2)
Consolidated Operating Income	\$ 219.6	\$ 194.0	\$ 753.3	\$ 622.9

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

20. Supplemental Cash Flow Information

The following table provides additional information regarding NiSource's Condensed Statements of Consolidated Cash Flows (unaudited) for the six months ended June 30, 2014 and 2013 :

<i>(in millions)</i>	Six Months Ended June 30,	
	2014	2013
Supplemental Disclosures of Cash Flow Information		
Non-cash transactions:		
Capital expenditures included in current liabilities	\$ 194.6	\$ 146.5
Assets acquired under a capital lease	55.8	3.3
Schedule of interest and income taxes paid:		
Cash paid for interest, net of interest capitalized amounts	\$ 207.6	\$ 204.5
Cash paid for income taxes	9.6	6.0

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

NiSource Inc.

Note regarding forward-looking statements

The Management's Discussion and Analysis, including statements regarding market risk sensitive instruments, contains "forward-looking statements," within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Investors and prospective investors should understand that many factors govern whether any forward-looking statement contained herein will be or can be realized. Any one of those factors could cause actual results to differ materially from those projected. These forward-looking statements include, but are not limited to, statements concerning NiSource's plans, objectives, expected performance, expenditures and recovery of expenditures through rates, stated on either a consolidated or segment basis, and any and all underlying assumptions and other statements that are other than statements of historical fact. From time to time, NiSource may publish or otherwise make available forward-looking statements of this nature. All such subsequent forward-looking statements, whether written or oral and whether made by or on behalf of NiSource, are also expressly qualified by these cautionary statements. All forward-looking statements are based on assumptions that management believes to be reasonable; however, there can be no assurance that actual results will not differ materially.

Realization of NiSource's objectives and expected performance is subject to a wide range of risks and can be adversely affected by, among other things, weather, fluctuations in supply and demand for energy commodities, growth opportunities for NiSource's businesses, increased competition in deregulated energy markets, the success of regulatory and commercial initiatives, dealings with third parties over whom NiSource has no control, actual operating experience of NiSource's assets, the regulatory process, regulatory and legislative changes, the impact of potential new environmental laws or regulations, the results of material litigation, changes in pension funding requirements, changes in general economic, capital and commodity market conditions, counterparty credit risk, and the matters set forth in the "Risk Factors" section of NiSource's 2013 Form 10-K, many of which are beyond the control of NiSource. In addition, the relative contributions to profitability by each segment, and the assumptions underlying the forward-looking statements relating thereto, may change over time. NiSource expressly disclaims a duty to update any of the forward-looking statements contained in this report.

The following Management's Discussion and Analysis of Financial Conditions and Results of Operations should be read in conjunction with NiSource's Annual Report on Form 10-K for the fiscal year ended December 31, 2013 .

CONSOLIDATED REVIEW

Executive Summary

NiSource (the "Company") is an energy holding company under the Public Utility Holding Company Act of 2005 whose subsidiaries are engaged in the transmission, storage and distribution of natural gas in the high-demand energy corridor stretching from the Gulf Coast through the Midwest to New England and the generation, transmission and distribution of electricity in Indiana. NiSource generates virtually 100% of its operating income through these rate-regulated businesses. A significant portion of NiSource's operations is subject to seasonal fluctuations in sales. During the heating season, which is primarily from November through March, net revenues from gas sales are more significant, and during the cooling season, which is primarily from June through September, net revenues from electric sales and transportation services are more significant, than in other months.

For the six months ended June 30, 2014 , NiSource reported income from continuing operations of \$344.9 million , or \$1.10 per basic share, compared to \$288.4 million , or \$0.92 per basic share reported for the same period in 2013.

The increase in income from continuing operations was due primarily to the following items:

- Regulatory and service programs at Gas Distribution Operations increased net revenues by \$59.1 million primarily due to the impacts of the rate settlement in 2013 at Columbia of Pennsylvania and the implementation of rates under Columbia of Ohio's approved infrastructure replacement program. Refer to Note 8, "Regulatory Matters," to the Consolidated Financial Statements included in NiSource's Annual Report on Form 10-K for the fiscal year ended December 31, 2013 for more information.
- Colder weather in 2014 resulted in an increase in income from continuing operations of \$26.4 million compared to the prior year. Weather statistics are provided in the Gas Distribution Operations' segment discussion.
- Growth projects placed in service resulted in an increase in demand margin revenue of \$22.4 million at Columbia Pipeline Group Operations. Refer to the Columbia Pipeline Group Operations' segment discussion for further information on growth projects.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

(continued)

NiSource Inc.

- The Company recognized previously deferred gains of \$17.8 million from the conveyances of mineral interests at Columbia Pipeline Group Operations. As of June 30, 2014, remaining gains of approximately \$21.8 million recorded in "Deferred revenue" on the Condensed Consolidated Balance Sheets (unaudited) will be recognized in earnings upon performance of future obligations.

These increases to income from continuing operations were partially offset by the following:

- Employee and administrative expense increased by \$26.9 million due primarily to outages and maintenance, greater labor expense due to a growing workforce and reduced payroll capitalization, and IT support and enhancement projects.
- Interest expense increased by \$17.6 million resulting from the issuance of \$500.0 million of long-term debt in October 2013 and the issuance of \$750.0 million of long-term debt in April 2013, partially offset by the maturity of \$420.3 million of long-term debt in March 2013.
- Depreciation and amortization increased \$13.9 million primarily due to higher capital expenditures. NiSource projects 2014 capital expenditures to be approximately \$2.2 billion .

These factors and other impacts to the financial results are discussed in more detail within the following discussions of "Results of Operations" and "Results and Discussion of Segment Operations."

Platform for Growth

NiSource's business plan will continue to center on commercial and regulatory initiatives; commercial growth and expansion of the gas transmission and storage business; financial management of the balance sheet; and cost and process excellence.

Commercial and Regulatory Initiatives

NiSource is moving forward on regulatory initiatives across several distribution company markets. Whether through full rate case filings or other approaches, NiSource's goal is to develop strategies that benefit all stakeholders as it addresses changing customer conservation patterns, develops more contemporary pricing structures, and embarks on long-term investment programs to enhance its infrastructure.

NIPSCO continued to focus on customer service, reliability and long-term growth and modernization initiatives during the second quarter, while executing on significant environmental investments.

- On April 30, 2014, the IURC approved NIPSCO's seven-year, \$710 million, natural gas modernization program, referred to as TDSIC. This program, which complements the in-progress \$1.1 billion electric TDSIC approved in February 2014, will address system modernization as well as system expansion in certain areas.
- Progress also continued on two major NIPSCO electric transmission projects designed to enhance system flexibility and reliability. The route has been selected for the Greentown-Reynolds project, a 70-mile, 765-kV line. The project is a joint development agreement with Pioneer Transmission. The Reynolds-Topeka project, a 100-mile, 345-kV line, remains on schedule with right-of-way acquisition and permitting in process. The projects involve a NIPSCO investment of approximately \$500 million and are anticipated to be in service by the end of 2018.
- Two remaining FGD projects at NIPSCO's coal-fired electric generating facilities remain on schedule and on budget. The FGD investments are part of approximately \$860 million in environmental investments, including water quality and emission-control projects, recently completed and planned at NIPSCO's electric generating facilities. One project is expected to be completed by the end of 2014 and the other by the end of 2015.

NiSource's Gas Distribution companies continue to execute their strategy of long-term infrastructure replacement and enhancement, and advance their regulatory agenda.

- On April 30, 2014, Columbia of Virginia filed a rate case with the VSCC to recover investments with a multi-year gas distribution system modernization program. If approved as filed, the case would increase annual revenues by approximately \$24.9 million. The VSCC issued a procedural order in the case on May 28, 2014 which scheduled the case for hearing on December 9, 2014. New rates are subject to refund and are scheduled to become effective October 1, 2014.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

(continued)

NiSource Inc.

- On June 26, 2014, Massachusetts Governor Deval Patrick signed into law House Bill 4164, an Act relative to natural gas leaks. The centerpiece of the Bill significantly reduces the lag in recovery associated with priority pipe replacement under Columbia of Massachusetts' current Targeted Infrastructure Reinvestment Factor. Columbia of Massachusetts will make its first filing under the new law on October 31, 2014.
- On March 21, 2014, Columbia of Pennsylvania filed a rate case with the Pennsylvania PUC to support continuation of Columbia of Pennsylvania's ongoing infrastructure modernization program. If approved, the case would increase annual revenues by approximately \$54.1 million. The case is currently in discovery, and a final order from the Pennsylvania PUC is expected in the fourth quarter of 2014.

Refer to Note 6, "Regulatory Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for a complete discussion of regulatory and commercial matters.

Modernization, Commercial Growth and Expansion of the Columbia Pipeline Group Operations

Columbia Pipeline Group Operations continues to make progress on its long-term infrastructure modernization program, as well as a series of midstream and core growth initiatives tied to NiSource's asset position in the Utica and Marcellus Shale production regions.

- Columbia Transmission began engineering and planning for the approximately \$50 million Utica Access project. The project includes construction of nearly 5 miles of 20 inch pipeline and other facilities to provide 205,000 Dth per day of new firm service to allow Utica production access to liquid trading points on its system. This project is expected to be in service late in 2016.
- Columbia Transmission is on track with the second year of its long-term system modernization program. Under the program, Columbia Transmission will invest approximately \$300 million annually in improvements to system reliability, safety and flexibility. Columbia Transmission and its customers have agreed to the initial five years of the comprehensive modernization program, with an opportunity to mutually extend the agreement. The overall program is expected to last 10 years or more and involves an aggregate investment in excess of \$4 billion.

Financial Management of the Balance Sheet

On July 15, 2014, NiSource Finance redeemed \$500.0 million of 5.40% senior unsecured notes at maturity.

Additionally on July 15, 2014, \$500.0 million of fixed-to-variable interest rate swaps expired, whereby NiSource Finance received payments based upon a fixed 5.40% interest rate and paid a floating interest rate amount based on U.S. 6-month BBA LIBOR plus an average of 0.78% per annum.

On March 14, 2014, Standard & Poor's affirmed the senior unsecured ratings for NiSource and its subsidiaries at BBB-. Standard & Poor's outlook for NiSource and all of its subsidiaries is stable. On January 31, 2014, Moody's Investors Service upgraded the senior unsecured rating for NiSource to Baa2 from Baa3 and NiSource's commercial paper rating to P-2 from P-3. Additionally, the rating for NIPSCO was upgraded to Baa1 from Baa2.

Ethics and Controls

NiSource has had a long-term commitment to providing accurate and complete financial reporting as well as high standards for ethical behavior by its employees. NiSource's senior management takes an active role in the development of this Form 10-Q and the monitoring of the company's internal control structure and performance. In addition, NiSource will continue its mandatory ethics training program for all employees.

Refer to "Controls and Procedures" included in Item 4.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

(continued)

NiSource Inc.

Results of Operations

Quarter Ended June 30, 2014

Net Income

NiSource reported net income of \$78.2 million , or \$0.25 per basic share, for the three months ended June 30, 2014 , compared to net income of \$71.7 million , or \$0.23 per basic share, for the second quarter of 2013 . Income from continuing operations was \$78.5 million , or \$0.25 per basic share, for the three months ended June 30, 2014 , compared to income from continuing operations of \$72.4 million , or \$0.23 per basic share, for the second quarter of 2013 . Operating income was \$219.6 million , an increase of \$25.6 million from the same period in 2013 . All per share amounts are basic earnings per share. Basic average shares of common stock outstanding at June 30, 2014 were 315.0 million compared to 312.2 million at June 30, 2013 .

Comparability of line item operating results between quarterly periods is impacted by regulatory and tax trackers that allow for the recovery in rates of certain costs such as bad debt expenses. Therefore, increases in these tracked operating expenses are offset by increases in net revenues and have essentially no impact on income from continuing operations.

Net Revenues

Total consolidated net revenues (gross revenues less cost of sales) for the quarter ended June 30, 2014 , were \$963.4 million , a \$111.2 million increase from the same period last year. This increase in net revenues was primarily due to increased Columbia Pipeline Group Operations' net revenues of \$69.7 million, higher Gas Distribution Operations' net revenues of \$26.1 million and increased Electric Operations' net revenues of \$15.3 million.

- Columbia Pipeline Group Operations' net revenues increased primarily due to higher regulatory trackers, which are offset in expense, of \$47.5 million, increased demand margin revenue of \$15.0 million as a result of growth projects placed in service and higher mineral rights royalty revenue of \$7.5 million.
- Gas Distribution Operations' net revenues increased primarily due to an increase of \$19.0 million for regulatory and service programs, including the impacts of the rate settlement in 2013 at Columbia of Pennsylvania and the implementation of rates under Columbia of Ohio's approved infrastructure replacement program.
- Electric Operations' net revenues increased primarily due to higher industrial, commercial, and residential usage of \$8.1 million, an increase in the return on the environmental capital investment recovery of \$5.0 million due to an increased plant balance eligible for recovery, lower fuel handling costs of \$2.2 million and the effects of weather of \$2.1 million. These increases were partially offset by a decrease in off-system sales of \$5.5 million.

Operating Expenses

Operating expenses for the second quarter of 2014 were \$754.9 million , an increase of \$88.7 million from the 2013 period. This increase was primarily due to higher operation and maintenance expenses of \$80.7 million and increased depreciation and amortization of \$5.8 million. The increase in operation and maintenance expenses was primarily due to increased regulatory trackers, which are offset in net revenues, of \$48.1 million, higher outside service costs of \$11.2 million, increased employee and administrative costs of \$11.1 million, and higher electric generation costs of \$11.0 million as a result of outages and maintenance. The increase in depreciation and amortization is primarily due to higher capital expenditures placed in service.

Equity Earnings in Unconsolidated Affiliates

Equity Earnings in Unconsolidated Affiliates were \$11.1 million during the second quarter of 2014 compared to \$8.0 million for the second quarter of 2013 . Equity Earnings in Unconsolidated Affiliates includes investments in Millennium, Hardy Storage and Pennant, which are integral to the Columbia Pipeline Group Operations' business. Equity earnings increased primarily from increased earnings at Millennium attributable to growth projects placed in service.

Other Income (Deductions)

Other Income (Deductions) reduced income by \$101.6 million in the second quarter of 2014 compared to a reduction in income of \$88.7 million in the prior year. The increase in deductions is primarily due to an increase in interest expense of \$7.1 million resulting from the issuance of \$500.0 million of long-term debt in October 2013.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

(continued)

NiSource Inc.

Income Taxes

Income tax expense for the quarter ended June 30, 2014 was \$39.5 million compared to \$32.9 million in the prior year. NiSource's interim effective tax rates reflect the estimated annual effective tax rates for 2014 and 2013, adjusted for tax expense associated with certain discrete items. The effective tax rates for the quarters ended June 30, 2014 and 2013 were 33.5% and 31.2% , respectively. These effective tax rates differ from the Federal tax rate of 35% primarily due to the effects of tax credits, state income taxes, utility rate-making, and other permanent book-to-tax differences. The 2.3% increase from 2013 to 2014 is primarily due to deferred tax adjustments recorded in 2013 related to state apportionment changes. Refer to Note 11, "Income Taxes," in the Notes to Consolidated Financial Statements (unaudited) for further discussion of income taxes.

Results of Operations

Six Months Ended June 30, 2014

Net Income

NiSource reported net income of \$344.4 million , or \$1.10 per basic share, for the six months ended June 30, 2014 , compared to net income of \$332.2 million , or \$1.06 per basic share, for the six months ended 2013 . Income from continuing operations was \$344.9 million , or \$1.10 per basic share, for the six months ended June 30, 2014 , compared to income from continuing operations of \$288.4 million , or \$0.92 per basic share, for the six months ended 2013 . Operating income was \$753.3 million , an increase of \$130.4 million from the same period in 2013 . All per share amounts are basic earnings per share. Basic average shares of common stock outstanding at June 30, 2014 were 314.6 million compared to 311.7 million at June 30, 2013 .

Comparability of line item operating results between quarterly periods is impacted by regulatory and tax trackers that allow for the recovery in rates of certain costs such as bad debt expenses. Therefore, increases in these tracked operating expenses are offset by increases in net revenues and have essentially no impact on income from continuing operations.

Net Revenues

Total consolidated net revenues (gross revenues less cost of sales) for the six months ended June 30, 2014 , were \$2,222.6 million , a \$264.2 million increase from the same period last year. This increase in net revenues was primarily due to increased Gas Distribution Operations' net revenues of \$117.4 million, higher Columbia Pipeline Group Operations' net revenues of \$113.9 million and increased Electric Operations' net revenues of \$32.6 million.

- Gas Distribution Operations' net revenues increased primarily due to an increase of \$59.1 million for regulatory and service programs, including the impacts of the rate settlement in 2013 at Columbia of Pennsylvania and the implementation of rates under Columbia of Ohio's approved infrastructure replacement program. Additionally, there were the effects of colder weather of \$19.9 million, increased regulatory and tax trackers, which are offset in expense, of \$17.4 million, higher residential and commercial usage of \$7.2 million, an increase in off-system sales of \$4.6 million, higher revenue of \$4.0 million due to increased customer count and an increase in large customer revenue of \$3.3 million. These increases were partially offset by a decrease of \$5.5 million resulting from NIPSCO's GCIM.
- Columbia Pipeline Group Operations' net revenues increased primarily due to higher regulatory trackers, which are offset in expense, of \$72.0 million, increased demand margin revenue of \$22.4 million primarily as a result of growth projects placed in service and higher mineral rights royalty revenue of \$14.6 million.
- Electric Operations' net revenues increased primarily due to higher industrial usage of \$15.7 million, an increase in the return on the environmental capital investment recovery of \$13.1 million due to an increased plant balance eligible for recovery, the effects of weather of \$6.5 million and higher off-system sales of \$4.1 million. Additionally, there was increased revenue of \$2.8 million as a result of two electric transmission projects authorized by MISO. These increases were partially offset by a decrease in transmission upgrade revenue of \$6.5 million and lower trackers, which are offset in expense, of \$4.0 million.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

(continued)

NiSource Inc.

Operating Expenses

Operating expenses for the six months ended June 30, 2014 were \$1,490.2 million, an increase of \$139.6 million from the 2013 period. This increase was primarily due to higher operation and maintenance expenses of \$127.6 million, increased other taxes of \$17.1 million and higher depreciation and amortization of \$10.9 million. These increases were partially offset by an increase in the gain on sale of assets of \$16.0 million. The increase in operation and maintenance expenses was primarily due to increased regulatory trackers, which are offset in net revenues, of \$81.3 million, higher employee and administrative costs of \$26.9 million, increased electric generation costs of \$10.9 million and higher outside service costs of \$6.1 million. The increase in other taxes is primarily due to higher property and other taxes of \$10.0 million and increased tax trackers, which are offset in net revenues, of \$7.1 million. The increase in depreciation and amortization is primarily due to higher capital expenditures placed in service. The increase in gain on sale of assets primarily relates to recognized gains of \$17.8 million resulting from conveyances of mineral interests at Columbia Pipeline Group Operations.

Equity Earnings in Unconsolidated Affiliates

Equity Earnings in Unconsolidated Affiliates were \$20.9 million during the six months ended June 30, 2014, compared to \$15.1 million from the 2013 period. Equity Earnings in Unconsolidated Affiliates includes investments in Millennium, Hardy Storage and Pennant, which are integral to the Columbia Pipeline Group Operations' business. Equity earnings increased primarily from increased earnings at Millennium attributable to growth projects placed in service.

Other Income (Deductions)

Other Income (Deductions) reduced income by \$206.2 million in the six months ended June 30, 2014, compared to a reduction in income of \$183.2 million in the prior year. The increase in deductions is primarily due to an increase in interest expense of \$17.6 million resulting from the issuance of \$500.0 million of long-term debt in October 2013 and the issuance of \$750.0 million of long-term debt in April 2013, partially offset by the maturity of \$420.3 million of long-term debt in March 2013.

Income Taxes

Income tax expense for the six months ended June 30, 2014 was \$202.2 million compared to \$151.3 million in the prior year. NiSource's interim effective tax rates reflect the estimated annual effective tax rates for 2014 and 2013, adjusted for tax expense associated with certain discrete items. The effective tax rates for the six months ended June 30, 2014 and 2013 were 37.0% and 34.4%, respectively. These effective tax rates differ from the Federal tax rate of 35% primarily due to the effects of tax credits, state income taxes, utility rate-making, and other permanent book-to-tax differences. The 2.6% increase from 2013 to 2014 is primarily due to the impact of the Indiana tax rate change and deferred tax adjustments recoded in 2013 related to state apportionment changes. Refer to Note 11, "Income Taxes," in the Notes to Consolidated Financial Statements (unaudited) for further discussion of income taxes.

Discontinued Operations

There was a net loss of \$0.5 million in the six months ended June 30, 2014 from discontinued operations compared to net income of \$7.4 million in 2013. The net income in 2013 relates primarily to a settlement at NiSource's former exploration and production subsidiary, CER. A gain on the disposition of discontinued operations of \$36.4 million was recorded in the first quarter of 2013 as a result of a gain on the sale of the service plan and leasing business lines of NiSource's Retail Services business.

Liquidity and Capital Resources

A significant portion of NiSource's operations, most notably in the gas distribution, gas transportation and electric businesses, are subject to seasonal fluctuations in cash flow. During the heating season, which is primarily from November through March, cash receipts from gas sales and transportation services typically exceed cash requirements. During the summer months, cash on hand, together with the seasonal increase in cash flows from the electric business during the summer cooling season and external short-term and long-term financing, is used to purchase gas to place in storage for heating season deliveries and perform necessary maintenance of facilities. NiSource believes that through income generated from operating activities, amounts available under its short-term revolver, commercial paper program and long-term debt agreements and NiSource's ability to access the capital markets, there is adequate capital available to fund its operating activities and capital expenditures in 2014.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

(continued)

NiSource Inc.

Operating Activities

Net cash from operating activities for the six months ended June 30, 2014 was \$651.0 million , a decrease of \$243.5 million compared to the six months ended June 30, 2013 . The decrease in net cash from operating activities was primarily attributable to an income tax refund received in 2013. No income tax refunds were received in 2014. Additionally, there was a decrease of \$98.5 million in working capital from (under) overrecovered gas and fuel costs due to the timing of gas and fuel cost recoveries in 2014 compared to 2013.

Pension and Other Postretirement Plan Funding. NiSource expects to make contributions of approximately \$38.3 million to its pension plans and approximately \$39.1 million to its other postretirement benefit plans in 2014 , which could change depending on market conditions. For the six months ended June 30, 2014 , NiSource has contributed \$12.5 million to its pension plans and \$20.1 million to its other postretirement benefit plans.

Investing Activities

NiSource's capital expenditures for the six months ended June 30, 2014 were \$852.9 million , compared to \$801.7 million for the comparable period in 2013 . This increased spending is mainly due to continued spending on infrastructure replacement programs in the Gas Distributions Operations segment, higher spending in the Columbia Pipeline Group Operations segment for various growth projects primarily in the Marcellus and Utica Shale areas and for expenditures under its modernization program and increased expenditures in the Electric Operations segment due to TDSIC and other tracker program spend. NiSource projects 2014 capital expenditures to be approximately \$2.2 billion .

Restricted cash was \$9.8 million and \$8.0 million as of June 30, 2014 and December 31, 2013 , respectively.

Contributions to equity investees increased \$22.1 million primarily due to higher contributions made by NiSource Midstream to Pennant. Refer to the Columbia Pipeline Group Operations segment discussion in the Management's Discussion and Analysis of Financial Conditions and Results of Operations for information on these contributions.

Financing Activities

Credit Facilities. NiSource Finance maintains a \$2.0 billion revolving credit facility with a syndicate of banks led by Barclays Capital with a termination date of September 28, 2018. The purpose of the facility is to fund ongoing working capital requirements including the provision of liquidity support for NiSource's \$1.5 billion commercial paper program, provide for issuance of letters of credit, and also for general corporate purposes.

NiSource Finance's commercial paper program has a program limit of up to \$1.5 billion with a dealer group comprised of Barclays, Citigroup, Credit Suisse, RBS and Wells Fargo. Commercial paper issuances are supported by available capacity under NiSource's \$2.0 billion unsecured revolving credit facility.

NiSource Finance had no borrowings outstanding under its revolving credit facility at June 30, 2014 and December 31, 2013 . In addition, NiSource Finance had \$801.1 million in commercial paper outstanding at June 30, 2014 , at a weighted average interest rate of 0.63% and \$433.6 million in commercial paper outstanding at December 31, 2013 , at a weighted average interest rate of 0.70% .

As of June 30, 2014 and December 31, 2013 , NiSource had \$300.0 million and \$265.1 million , respectively, of short-term borrowings recorded on the Condensed Consolidated Balance Sheets (unaudited) and cash from financing activities in the same amount relating to its accounts receivable securitization facilities. See Note 9, "Transfers of Financial Assets," to the Condensed Consolidated Financial Statements (unaudited).

As of June 30, 2014 , NiSource had \$30.5 million of stand-by letters of credit outstanding of which \$14.3 million were under the revolving credit facility. At December 31, 2013 , NiSource had \$31.6 million of stand-by letters of credit outstanding of which \$ 14.3 million were under the revolving credit facility.

As of June 30, 2014 , an aggregate of \$1,184.6 million of credit was available under the credit facility.

Debt Covenants . NiSource is subject to a financial covenant under its revolving credit facility and its three-year term loan, which requires NiSource to maintain a debt to capitalization ratio that does not exceed 70%. A similar covenant in a 2005 private placement note purchase agreement requires NiSource to maintain a debt to capitalization ratio that does not exceed 75%. As of June 30, 2014 , the ratio was 60.6%.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

(continued)

NiSource Inc.

NiSource is also subject to certain other non-financial covenants under the revolving credit facility and the term loan. Such covenants include a limitation on the creation or existence of new liens on NiSource's assets, generally exempting liens on utility assets, purchase money security interests, preexisting security interests and an additional subset of assets equal to \$150 million. An asset sale covenant generally restricts the sale, lease and/or transfer of NiSource's assets to no more than 10% of its consolidated total assets and dispositions for a price not materially less than the fair market value of the assets disposed of that do not impair the ability of NiSource and NiSource Finance to perform obligations under the revolving credit facility, and that, together with all other such dispositions, would not have a material adverse effect. The revolving credit facility and the term loan also include a cross-default provision, which triggers an event of default under the credit facility in the event of an uncured payment default relating to any indebtedness of NiSource or any of its subsidiaries in a principal amount of \$50 million or more.

NiSource's indentures generally do not contain any financial maintenance covenants. However, NiSource's indentures are generally subject to cross-default provisions ranging from uncured payment defaults of \$5 million to \$50 million, and limitations on the incurrence of liens on NiSource's assets, generally exempting liens on utility assets, purchase money security interests, preexisting security interests and an additional subset of assets capped at 10% of NiSource's consolidated net tangible assets.

Sale of Trade Accounts Receivables. Refer to Note 9, "Transfers of Financial Assets," in the Notes to Condensed Consolidated Financial Statements (unaudited) for information on the sale of accounts receivable.

All accounts receivable sold to the commercial paper conduits are valued at face value, which approximates fair value due to their short-term nature. The amount of the undivided percentage ownership interest in the accounts receivables sold is determined, in part, by required loss reserves under the agreements.

Credit Ratings. On March 14, 2014, Standard & Poor's affirmed the senior unsecured ratings for NiSource and its subsidiaries at BBB-. Standard & Poor's outlook for NiSource and all of its subsidiaries is stable. On January 31, 2014, Moody's Investors Service upgraded the senior unsecured rating for NiSource to Baa2 from Baa3 and NiSource's commercial paper rating to P-2 from P-3. Additionally, Moody's upgraded the rating for NIPSCO to Baa1 from Baa2 and affirmed the rating for Columbia of Massachusetts. Moody's outlook for NiSource and all of its subsidiaries is stable. On December 9, 2013, Fitch affirmed the senior unsecured ratings for NiSource at BBB-, and the existing ratings of all other subsidiaries. Fitch's outlook for NiSource and all of its subsidiaries is stable. Although all ratings continue to be investment grade, a downgrade by Standard & Poor's or Fitch would result in a rating that is below investment grade.

Certain NiSource affiliates have agreements that contain "ratings triggers" that require increased collateral if the credit ratings of NiSource or certain of its subsidiaries are rated below BBB- by Standard & Poor's or Baa3 by Moody's. These agreements are primarily for insurance purposes and for the physical purchase or sale of power. The collateral requirement that would be required in the event of a downgrade below the ratings trigger levels would amount to approximately \$38.0 million. In addition to agreements with ratings triggers, there are other agreements that contain "adequate assurance" or "material adverse change" provisions that could necessitate additional credit support such as letters of credit and cash collateral to transact business.

Contractual Obligations. There were no material changes recorded during the six months ended June 30, 2014 to NiSource's contractual obligations as of December 31, 2013.

Market Risk Disclosures

Risk is an inherent part of NiSource's energy businesses. The extent to which NiSource properly and effectively identifies, assesses, monitors and manages each of the various types of risk involved in its businesses is critical to its profitability. NiSource seeks to identify, assess, monitor and manage, in accordance with defined policies and procedures, the following principal market risks that are involved in NiSource's energy businesses: commodity price risk, interest rate risk and credit risk. Risk management at NiSource is a multi-faceted process with oversight by the Risk Management Committee that requires constant communication, judgment and knowledge of specialized products and markets. NiSource's senior management takes an active role in the risk management process and has developed policies and procedures that require specific administrative and business functions to assist in the identification, assessment and control of various risks. These include but are not limited to market, operational, financial, compliance and strategic risk types. In recognition of the increasingly varied and complex nature of the energy business, NiSource's risk management process, policies and procedures continue to evolve and are subject to ongoing review and modification.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

(continued)

NiSource Inc.

Commodity Price Risk

NiSource is exposed to commodity price risk as a result of its subsidiaries' operations involving natural gas and power. To manage this market risk, NiSource's subsidiaries use derivatives, including commodity futures contracts, swaps and options. NiSource is not involved in speculative energy trading activity.

Commodity price risk resulting from derivative activities at NiSource's rate-regulated subsidiaries is limited, since regulations allow recovery of prudently incurred purchased power, fuel and gas costs through the ratemaking process, including gains or losses on these derivative instruments. If states should explore additional regulatory reform, these subsidiaries may begin providing services without the benefit of the traditional ratemaking process and may be more exposed to commodity price risk. Some of NiSource's rate-regulated utility subsidiaries offer commodity price risk products to its customers for which derivatives are used to hedge forecasted customer usage under such products. These subsidiaries do not have regulatory recovery orders for these products and are subject to gains and losses recognized in earnings due to hedge ineffectiveness.

Interest Rate Risk

NiSource is exposed to interest rate risk as a result of changes in interest rates on borrowings under its revolving credit agreement, term loan, commercial paper program and accounts receivable programs, which have interest rates that are indexed to short-term market interest rates. NiSource is also exposed to interest rate risk due to changes in interest rates on fixed-to-variable interest rate swaps that hedge the fair value of long-term debt. Based upon average borrowings and debt obligations subject to fluctuations in short-term market interest rates, an increase (or decrease) in short-term interest rates of 100 basis points (1%) would have increased (or decreased) interest expense by \$4.2 million and \$7.9 million for the three and six months ended June 30, 2014, respectively, and \$3.1 million and \$7.1 million for the three and six months ended June 30, 2013, respectively.

Credit Risk

Due to the nature of the industry, credit risk is embedded in many of NiSource's business activities. NiSource's extension of credit is governed by a Corporate Credit Risk Policy. In addition, Risk Management Committee guidelines are in place which document management approval levels for credit limits, evaluation of creditworthiness, and credit risk mitigation efforts. Exposures to credit risks are monitored by the Corporate Credit Risk function which is independent of commercial operations. Credit risk arises due to the possibility that a customer, supplier or counterparty will not be able or willing to fulfill its obligations on a transaction on or before the settlement date. For derivative related contracts, credit risk arises when counterparties are obligated to deliver or purchase defined commodity units of gas or power to NiSource at a future date per execution of contractual terms and conditions. Exposure to credit risk is measured in terms of both current obligations and the market value of forward positions net of any posted collateral such as cash, letters of credit and qualified guarantees of support.

NiSource closely monitors the financial status of its banking credit providers and interest rate swap counterparties. NiSource evaluates the financial status of its banking partners through the use of market-based metrics such as credit default swap pricing levels, and also through traditional credit ratings provided by major credit rating agencies.

Fair Value Measurement

NiSource measures certain financial assets and liabilities at fair value. The level of the fair value hierarchy disclosed is based on the lowest level of input that is significant to the fair value measurement. NiSource's financial assets and liabilities include price risk assets and liabilities, available-for-sale securities and a deferred compensation plan obligation.

Exchange-traded derivative contracts are generally based on unadjusted quoted prices in active markets and are classified within Level 1. These financial assets and liabilities are secured with cash on deposit with the exchange; therefore nonperformance risk has not been incorporated into these valuations. Certain non-exchange-traded derivatives are valued using broker or over-the-counter, on-line exchanges. In such cases, these non-exchange-traded derivatives are classified within Level 2. Non-exchange-based derivative instruments include swaps, forwards, and options. In certain instances, NiSource may utilize models to measure fair value. Valuation models utilize various inputs that include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, other observable inputs for the asset or liability, and market-corroborated inputs, i.e., inputs derived principally from or corroborated by observable market data by correlation or other means. Where observable inputs are available for substantially the full term of the asset or liability, the instrument is categorized in Level 2. Certain derivatives trade in less active markets with a lower availability of pricing information and models may be utilized in the valuation. When such inputs have a significant impact on the measurement of fair value, the instrument is categorized in Level 3. Credit risk is considered in the fair value calculation of derivative instruments that are not exchange-traded. Credit exposures are adjusted to reflect collateral agreements which reduce exposures.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

(continued)

NiSource Inc.

Price risk management assets also include fixed-to-floating interest rate swaps, which are designated as fair value hedges, as a means to achieve its targeted level of variable-rate debt as a percent of total debt. NiSource uses a calculation of future cash inflows and estimated future outflows related to the swap agreements, which are discounted and netted to determine the current fair value. Additional inputs to the present value calculation include the contract terms, as well as market parameters such as current and projected interest rates and volatility. As they are based on observable data and valuations of similar instruments, the interest rate swaps are categorized in Level 2 in the fair value hierarchy. Credit risk is considered in the fair value calculation of the interest rate swap.

Refer to Note 8, "Fair Value" in the Notes to the Condensed Consolidated Financial Statements (unaudited) for additional information on NiSource's fair value measurements.

Off Balance Sheet Arrangements

As a part of normal business, NiSource and certain subsidiaries enter into various agreements providing financial or performance assurance to third parties on behalf of certain subsidiaries. Such agreements include guarantees and stand-by letters of credit.

NiSource has purchase and sales agreement guarantees totaling \$67.6 million, which guarantee performance of the seller's covenants, agreements, obligations, liabilities, representations and warranties under the agreements. No amounts related to the purchase and sales agreement guarantees are reflected in the Condensed Consolidated Balance Sheets (unaudited). Management believes that the likelihood NiSource would be required to perform or otherwise incur any significant losses associated with any of the aforementioned guarantees is remote.

NiSource has other guarantees outstanding. Refer to Note 17-A, "Guarantees and Indemnities," in the Notes to Condensed Consolidated Financial Statements (unaudited) for additional information about NiSource's off balance sheet arrangements.

Other Information

Critical Accounting Policies

There were no significant changes to critical accounting policies for the period ended June 30, 2014.

Recently Issued Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. ASU 2014-09 outlines a single, comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. NiSource is required to adopt ASU 2014-09 for periods beginning after December 15, 2016, including interim periods, and the new standard is to be applied retrospectively with early adoption not permitted. NiSource is currently evaluating the impact the adoption of ASU 2014-09 will have on its Condensed Consolidated Financial Statements (unaudited) and Notes to Condensed Consolidated Financial Statements (unaudited).

In April 2014, the FASB issued ASU 2014-08, *Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360): Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity*. ASU 2014-08 changes the criteria for reporting a discontinued operation. Under the new pronouncement, a disposal of a part of an organization that has a major effect on its operations and financial results is a discontinued operation. NiSource is required to adopt ASU 2014-08 prospectively for all disposals or components of its business classified as held for sale during fiscal periods beginning after December 15, 2014. NiSource is currently evaluating what impact, if any, adoption of ASU 2014-08 will have on its Condensed Consolidated Financial Statements (unaudited) and Notes to Condensed Consolidated Financial Statements (unaudited).

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS
(continued)

NiSource Inc.

RESULTS AND DISCUSSION OF SEGMENT OPERATIONS

Presentation of Segment Information

NiSource's operations are divided into three primary business segments: Gas Distribution Operations, Columbia Pipeline Group Operations and Electric Operations.

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

(continued)

NiSource Inc.

Gas Distribution Operations

<i>(in millions)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Net Revenues				
Sales revenues	\$ 616.6	\$ 572.4	\$ 2,182.2	\$ 1,717.5
Less: Cost of gas sold (excluding depreciation and amortization)	257.2	239.1	1,180.2	832.9
Net Revenues	359.4	333.3	1,002.0	884.6
Operating Expenses				
Operation and maintenance	206.8	197.1	435.6	415.5
Depreciation and amortization	54.1	50.1	106.3	98.6
Gain on sale of assets	(0.2)	(0.1)	(0.2)	(0.1)
Other taxes	38.9	36.2	98.7	86.5
Total Operating Expenses	299.6	283.3	640.4	600.5
Operating Income	\$ 59.8	\$ 50.0	\$ 361.6	\$ 284.1
Revenues (\$ in millions)				
Residential	\$ 391.1	\$ 352.0	\$ 1,396.9	\$ 1,095.9
Commercial	129.4	113.2	495.7	383.5
Industrial	48.1	43.6	132.4	108.6
Off System	65.9	77.3	137.8	156.7
Other	(17.9)	(13.7)	19.4	(27.2)
Total	\$ 616.6	\$ 572.4	\$ 2,182.2	\$ 1,717.5
Sales and Transportation (MMDth)				
Residential	35.0	34.8	191.5	166.8
Commercial	27.4	27.0	117.5	102.3
Industrial	121.7	113.4	258.5	246.7
Off System	14.2	18.4	28.5	40.1
Other	(0.3)	0.2	(0.1)	0.4
Total	198.0	193.8	595.9	556.3
Heating Degree Days	555	563	3,992	3,482
Normal Heating Degree Days	599	599	3,491	3,491
% (Warmer) Colder than Normal	(7)%	(6)%	14%	—%
Customers				
Residential			3,051,277	3,035,524
Commercial			278,776	278,200
Industrial			7,546	7,493
Other			14	21
Total			3,337,613	3,321,238

NiSource's Gas Distribution Operations serve approximately 3.3 million customers in seven states: Ohio, Indiana, Pennsylvania, Massachusetts, Virginia, Kentucky and Maryland. The regulated subsidiaries offer both traditional bundled services as well as transportation only for customers that purchase gas from alternative suppliers. The operating results reflect the temperature-sensitive nature of customer demand with 74% of annual residential and commercial throughput affected by seasonality. As a result, segment operating income is higher in the first and fourth quarters reflecting the heating demand during the winter season.

Regulatory Matters

Refer to Note 6, "Regulatory Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for information on significant rate developments and cost recovery and trackers for the Gas Distribution Operations segment.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

(continued)

NiSource Inc.

Gas Distribution Operations

Customer Usage. Increased efficiency of natural gas appliances and improvements in home building codes and standards has contributed to a long-term trend of declining average use per customer. Usage for the six months ended June 30, 2014 increased from the same period last year primarily due to colder weather compared to the prior year. While historically, rate design at the distribution level has been structured such that a large portion of cost recovery is based upon throughput, rather than in a fixed charge, operating costs are largely incurred on a fixed basis, and do not fluctuate due to changes in customer usage. As a result, the NiSource LDCs have pursued changes in rate design to more effectively match recoveries with costs incurred. Each of the states in which the NiSource LDCs operate has different requirements regarding the procedure for establishing changes to rate design. Columbia of Ohio restructured its rate design through a base rate proceeding and has adopted a "decoupled" rate design which more closely links the recovery of fixed costs with fixed charges. Columbia of Massachusetts and Columbia of Virginia received regulatory approval of decoupling mechanisms which adjust revenues to an approved benchmark level through a volumetric adjustment factor. Columbia of Maryland has received regulatory approval to implement a residential class revenue normalization adjustment, a decoupling mechanism whereby monthly revenues that exceed or fall short of approved levels are reconciled in subsequent months. In a prior base rate proceeding, Columbia of Pennsylvania implemented a residential weather normalization adjustment charge. In a prior base rate proceeding, NIPSCO implemented a higher fixed customer charge for residential and small customer classes moving toward full straight fixed variable rate design.

Environmental Matters

Various environmental matters occasionally impact the Gas Distribution Operations segment. As of June 30, 2014, a reserve has been recorded to cover probable and estimable environmental response actions. Refer to Note 17-C, "Environmental Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for additional information regarding environmental matters for the Gas Distribution Operations segment.

Weather

In general, NiSource calculates the weather related revenue variance based on changing customer demand driven by weather variance from normal heating degree-days. Normal is evaluated using heating degree days across the NiSource distribution region. While the temperature base for measuring heating degree days (i.e. the estimated average daily temperature at which heating load begins) varies slightly across the region, the NiSource composite measurement is based on 65 degrees. NiSource composite heating degree days reported do not directly correlate to the weather related dollar impact on the results of Gas Distribution Operations. Heating degree days experienced during different times of the year or in different operating locations may have more or less impact on volume and dollars depending on when and where they occur. When the detailed results are combined for reporting, there may be weather related dollar impacts on operations when there is not an apparent or significant change in the aggregated NiSource composite heating degree-day comparison.

Weather in the Gas Distribution Operations' territories for the second quarter of 2014 was 7% warmer than normal and 1% warmer than the second quarter in 2013.

Weather in the Gas Distribution Operations' territories for the six months ended June 30, 2014 was 14% colder than normal and 15% colder than the same period in 2013.

Throughput

Total volumes sold and transported of 198.0 MMDth for the second quarter of 2014 increased by 4.2 MMDth from the same period last year. This 2.2% increase in volumes was primarily attributable to higher industrial throughput partially offset by a decrease in off-system sales.

Total volumes sold and transported of 595.9 MMDth for the six months ended June 30, 2014 increased by 39.6 MMDth from the same period last year. This 7.1% increase in volume was primarily attributable to colder weather.

Net Revenues

Net revenues for the second quarter of 2014 were \$359.4 million, an increase of \$26.1 million from the same period in 2013. The increase in net revenues is due primarily to an increase of \$19.0 million for regulatory and service programs, including the impacts of the rate settlement in 2013 at Columbia of Pennsylvania and the implementation of rates under Columbia of Ohio's approved infrastructure replacement program.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

(continued)

NiSource Inc.

Gas Distribution Operations

Net revenues for the six months ended June 30, 2014 were \$1,002.0 million, an increase of \$117.4 million from the same period in 2013. The increase in net revenues is due primarily to an increase of \$59.1 million for regulatory and service programs, including the impacts of the rate settlement in 2013 at Columbia of Pennsylvania and the implementation of rates under Columbia of Ohio's approved infrastructure replacement program. Additionally, there were the effects of colder weather of \$19.9 million, increased regulatory and tax trackers, which are offset in expense, of \$17.4 million, higher residential and commercial usage of \$7.2 million, an increase in off-system sales of \$4.6 million, higher revenue of \$4.0 million due to increased customer count and an increase in large customer revenue of \$3.3 million. These increases were partially offset by a decrease of \$5.5 million resulting from NIPSCO's GCIM.

At NIPSCO, sales revenues and customer billings are adjusted for amounts related to under and over-recovered purchased gas costs from prior periods per regulatory order. These amounts are primarily reflected in the "Other" gross revenues statistic provided at the beginning of this segment discussion. The adjustment to Other gross revenues for the three and six months ended June 30, 2014 was a revenue decrease of \$31.8 million and \$0.3 million, respectively, compared to a decrease of \$25.8 million and \$50.5 million for the three and six months ended June 30, 2013, respectively.

Operating Income

For the second quarter of 2014, Gas Distribution Operations reported operating income of \$59.8 million, an increase of \$9.8 million from the comparable 2013 period. Operating income increased as a result of higher net revenues, as described above, partially offset by increased operating expenses. Operating expenses were \$16.3 million higher than the comparable period reflecting increased outside service costs of \$9.8 million, higher depreciation of \$4.0 million due to increased capital expenditures and an increase in employee and administrative expenses of \$2.3 million.

For the six months ended June 30, 2014, Gas Distribution Operations reported operating income of \$361.6 million, an increase of \$77.5 million from the comparable 2013 period. Operating income increased as a result of higher net revenues, as described above, partially offset by increased operating expenses. Operating expenses were \$39.9 million higher than the comparable period reflecting increased regulatory and tax trackers, which are offset in net revenues, of \$17.4 million, higher depreciation of \$7.7 million due to increased capital expenditures, an increase in employee and administrative expenses of \$6.1 million and higher other taxes of \$5.2 million.

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

(continued)

NiSource Inc.

Columbia Pipeline Group Operations

(in millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Net Revenues				
Transportation revenues	\$ 181.5	\$ 171.6	\$ 403.8	\$ 382.5
Storage revenues	49.3	48.7	99.2	99.2
Other revenues	112.7	53.5	186.1	93.5
Total Sales Revenues	343.5	273.8	689.1	575.2
Less: Cost of sales (excluding depreciation and amortization)	0.1	0.1	0.2	0.2
Net Revenues	343.4	273.7	688.9	575.0
Operating Expenses				
Operation and maintenance	205.1	150.1	370.8	282.7
Depreciation and amortization	28.8	26.5	58.5	52.2
Gain on sale of assets	(0.3)	—	(17.8)	(0.2)
Other taxes	17.2	16.3	35.7	33.1
Total Operating Expenses	250.8	192.9	447.2	367.8
Equity Earnings in Unconsolidated Affiliates	11.1	8.0	20.9	15.1
Operating Income	\$ 103.7	\$ 88.8	\$ 262.6	\$ 222.3
Throughput (MMDth)				
Columbia Transmission	194.2	196.6	653.7	632.4
Columbia Gulf	145.4	169.8	330.3	360.0
Crossroads Pipeline	3.5	3.3	9.2	8.3
Intrasegment eliminations	(21.6)	(81.4)	(83.2)	(175.3)
Total	321.5	288.3	910.0	825.4

NiSource's Columbia Pipeline Group Operations segment primarily consists of the operations of Columbia Transmission, Columbia Gulf, NiSource Midstream, NEVCO, Crossroads Pipeline, and the equity investments in Pennant, Millennium and Hardy Storage. In total, NiSource owns a pipeline network of approximately 15,000 miles extending from the Gulf of Mexico to New York and the eastern seaboard. The pipeline network serves customers in 16 northeastern, mid-Atlantic, midwestern and southern states, as well as the District of Columbia. In addition, the Columbia Pipeline Group Operations segment operates one of the nation's largest underground natural gas storage systems.

Columbia Pipeline Group Operations' most significant projects are as follows:

Warren County. The Columbia Pipeline Group Operations segment spent approximately \$37 million on an expansion project, which included new pipeline and modifications to existing compression assets, with Virginia Power Services Energy Corporation, Inc., the energy manager for Virginia Electric and Power Company. This project expanded the Columbia Transmission system in order to provide up to nearly 250,000 Dth per day of transportation capacity under a long-term, firm contract. The project went into service in the second quarter of 2014.

West Side Expansion. The Columbia Pipeline Group Operations segment is investing approximately \$200 million in new pipeline and compression to increase supply origination from the Smithfield and Waynesburg areas on the Columbia Transmission system and provide a backhaul transportation path to Gulf Coast markets on the Columbia Gulf system. This investment will increase capacity up to 444,000 Dth per day from the Smithfield and Waynesburg areas and up to 540,000 Dth per day from Leach to Rayne transporting Marcellus production under long-term, firm contracts. Limited interim service is being provided throughout 2014 with the project fully in service by the fourth quarter of 2014.

Giles County. The Columbia Pipeline Group Operations segment is spending approximately \$25 million to construct nearly thirteen miles of pipeline to provide 45,000 Dth per day of firm service to a third party off of its Line KA system into Columbia of Virginia's system. Columbia of Virginia will expand pipeline facilities and an existing direct connection with the third party's plant in Giles County, Virginia. The project is planned to be in service by the fourth quarter of 2014.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

(continued)

NiSource Inc.

Columbia Pipeline Group Operations

Line 1570 Expansion . The Columbia Pipeline Group Operations segment is replacing 18.7 miles of 20-inch bare steel pipe with 24-inch pipe from Waynesburg, Pennsylvania to Redd Farm, Pennsylvania at an approximate cost of \$20 million. The project also includes the installation of two compressors at Redd Farm and an uprate in horsepower at Waynesburg, increasing capacity by nearly 100,000 Dth per day. The project is expected to be in service by the end of 2014.

East Side Expansion. The Columbia Pipeline Group Operations segment plans to invest approximately \$275 million in developing its East Side Expansion project, which will provide access for Marcellus supplies to the northeastern and mid-Atlantic markets. Backed by binding precedent agreements, the project will add up to 312,000 Dth per day of capacity, which is expected to be placed in service by the end of the third quarter of 2015.

Chesapeake, Virginia LNG Facility Modernization. The Columbia Pipeline Group Operations segment is investing approximately \$30 million to upgrade the facility and extend its associated customer contracts for 15 years. The project's first phase was completed in the fourth quarter of 2013. The remainder of the project is expected to be completed by mid-2015.

Washington County Gathering. The Columbia Pipeline Group Operations segment will construct a field gathering system in Pennsylvania that will gather well pad production of primarily dry gas from a third party producer. Pipeline laterals will be built to connect well pads as drilling is developed. The approximate \$120 million investment will include about 25 miles of gathering pipelines of varying diameter, a compressor station and dehydration unit. The gas gathering agreement has an initial 15-year term with the option to extend. Construction is expected to begin in late 2014 with an expected in service date during the second half of 2015.

Kentucky Power. The Columbia Pipeline Group Operations segment is constructing nearly three miles of 16 inch greenfield pipeline from Columbia Transmission's Line P that will serve a natural gas-fired electric generation plant in Kentucky. The project will cost nearly \$25 million and will provide 72,000 Dth per day of capacity to the plant under an executed binding precedent agreement. The project is expected to be in service by the middle of 2016.

Utica Access. The Columbia Pipeline Group Operations segment is investing approximately \$50 million to construct nearly 5 miles of 20 inch pipeline and other facilities to provide 205,000 Dth per day of new firm service to allow Utica production access to liquid trading points on its system. This project is expected to be in service late in 2016.

Cameron Access. The Columbia Pipeline Group Operations segment has entered into binding precedent agreements for the construction of new pipeline facilities along the Columbia Gulf system to connect with the Cameron LNG Terminal in southern Louisiana. The approximately \$310 million project will transport supplies from numerous supply basins to the planned LNG export facility, which received Department of Energy approval late in 2013. The project will offer an initial capacity of up to 800,000 Dth per day and is expected to be placed into service as early as the third quarter of 2017.

Equity Investments

Pennant. NiSource Midstream entered into a 50:50 joint venture in 2012 with affiliates of Hilcorp to construct new wet natural gas gathering pipeline infrastructure and NGL processing facilities to support natural gas production in the Utica Shale region of northeastern Ohio and western Pennsylvania. NiSource Midstream and Hilcorp jointly own Pennant with NiSource Midstream serving as the operator of Pennant and the facilities. NiSource accounts for the joint venture under the equity method of accounting.

Pennant is investing in the construction of 20-24 inch wet gas gathering pipeline facilities with a capacity of approximately 500 MMcf per day. In addition, Pennant constructed a gas processing facility in New Middletown, Ohio that will have an initial capacity of 200 MMcf per day and is constructing a NGL pipeline with an initial capacity of 45,000 barrels per day that can be expanded to 90,000 barrels per day. Consistent with the terms of the joint venture, NiSource Midstream will operate the gas processing facility, NGL pipeline and associated wet gas gathering system. The joint venture is designed and anticipated to serve other producers with significant acreage development in the area with an interest in obtaining capacity on the system. The construction of the facilities will allow Pennant to become a full-service solution for providers in the northern Utica Shale region, offering access to wet gas gathering and processing as well as residue gas and NGL takeaway to attractive market destinations. NiSource Midstream's initial investment in this area, including the gathering pipeline, related laterals, NGL pipeline and the processing plant, will be approximately \$185 million. Portions of the facilities were placed in service in the fourth quarter of 2013 and the second quarter of 2014, with the remainder to be placed in service in the third quarter of 2014.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

(continued)

NiSource Inc.

Columbia Pipeline Group Operations

During the second quarter of 2014 , NiSource Midstream made cash contributions to Pennant totaling \$23.8 million. A cash contribution of \$15.6 million was made during the same period last year. For the six months ended June 30, 2014 , NiSource Midstream made cash contributions to Pennant of \$52.2 million. A cash contribution of \$26.1 million was made during the same period last year.

In a separate agreement with Hilcorp, test wells were drilled in 2012 and continued in 2013 to support the development of the hydrocarbon potential on more than 100,000 combined acres in the Utica/Point Pleasant Shale formation. Production wells were drilled in 2013 and 2014, with the full production program in development. NiSource is investing alongside Hilcorp in the development of the acreage, with NiSource owning both a working and overriding royalty interest. All of the Hilcorp/NiSource acreage is dedicated to Pennant.

Millennium. Millennium operates approximately 250 miles of pipeline under the jurisdictional authority of the FERC. The Millennium pipeline has the capability to transport natural gas to markets along its route, which lies between Corning, New York and Ramapo, New York, as well as to the New York City market through its pipeline interconnections. Columbia Transmission owns a 47.5% interest in Millennium and acts as operator for the pipeline in partnership with DTE Millennium Company and National Grid Millennium LLC, which each own an equal remaining share of the company.

During the second quarter of 2014 and 2013 , Columbia Transmission made no contributions to Millennium. For the six months ended June 30, 2014 and 2013 , Columbia Transmission made contributions of \$2.6 million and \$6.6 million, respectively, to fund its share of capital projects. During the second quarter of 2014 and 2013, Columbia Transmission received distributions of earnings of \$4.8 million and \$4.3 million, respectively. For the six months ended June 30, 2014 and 2013 , Columbia transmission received distributions of earnings of \$11.9 million and \$10.9 million, respectively.

Millennium began two projects in 2012 that added approximately 30,000 hp of compression to its system. The first project went into service on June 1, 2013 and increased capacity at its interconnections with Algonquin Gas Transmission, with a total investment of approximately \$50 million. The second project included a total investment of approximately \$40 million that increased capacity with interconnections to other third-party facilities. The second project was placed into service on March 31, 2014. Columbia Transmission's share of the above investments is limited to its 47.5% interest in Millennium.

Hardy Storage. Hardy Storage is a 50:50 joint venture between subsidiaries of Columbia Transmission and Piedmont that manages an underground storage field in Hardy and Hampshire counties in West Virginia. Columbia Transmission serves as operator of the company, which is regulated by the FERC. Hardy Storage has a working storage capacity of 12 Bcf and the ability to deliver 176,000 Dth of natural gas per day.

During the second quarter of 2014 and 2013 , NiSource received \$0.5 million and \$1.0 million of available accumulated earnings, respectively. For the six months ended June 30, 2014 and 2013 , NiSource received \$1.0 million and \$1.4 million of available accumulated earnings, respectively. NiSource made no contributions during 2014 or 2013.

Nature of Sales

Columbia Transmission and Columbia Gulf compete for transportation customers based on the type of service a customer needs, operating flexibility, available capacity and price. Columbia Gulf and Columbia Transmission provide a significant portion of total transportation services under firm contracts and derive a smaller portion of revenues through interruptible contracts, with management seeking to maximize the portion of physical capacity sold under firm contracts.

Firm service contracts require pipeline capacity to be reserved for a given customer between certain receipt and delivery points. Firm customers generally pay a "capacity reservation" fee based on the amount of capacity being reserved regardless of whether the capacity is used, plus an incremental usage fee when the capacity is used. Annual capacity reservation revenues derived from firm service contracts generally remain constant over the life of the contract because the revenues are based upon capacity reserved and not whether the capacity is actually used. The high percentage of revenue derived from capacity reservation fees mitigates the risk of revenue fluctuations within the Columbia Pipeline Group Operations segment due to changes in near-term supply and demand conditions. The following percentages exclude the impact of intrasegment revenues and over / under collections of tracker-related revenues. For the quarter ended June 30, 2014 , approximately 94.3% of the transportation revenues were derived from capacity reservation fees paid under firm contracts and 3.9% of the transportation revenues were derived from usage fees under firm contracts compared to approximately 93.1% and 5.0%, respectively, for the quarter ended June 30, 2013 . For the six months ended June 30, 2014 , approximately 93.4% of the transportation revenues were derived from capacity reservation fees under firm

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

(continued)

NiSource Inc.

Columbia Pipeline Group Operations

contracts and 4.6% of the transportation revenues were derived from usage fees under firm contracts compared to approximately 92.6% and 5.8% respectively, for the six months ended June 30, 2013 .

Interruptible transportation service is typically short term in nature and is generally used by customers that either do not need firm service or have been unable to contract for firm service. These customers pay a usage fee only for the volume of gas actually transported. The ability to provide this service is limited to available capacity not otherwise used by firm customers, and customers receiving services under interruptible contracts are not assured capacity in the pipeline facilities. Columbia Pipeline Group Operations provides interruptible service at competitive prices in order to capture short term market opportunities as they occur and interruptible service is viewed by management as an important strategy to optimize revenues from the gas transmission assets. For both the quarters ended June 30, 2014 and 2013 , approximately 1.8% of the transportation revenues were derived from interruptible contracts. For the six months ended June 30, 2014 and 2013 , approximately 2.1% and 1.6%, respectively, of the transportation revenues were derived from interruptible contracts.

Regulatory Matters

Refer to Note 6, "Regulatory Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for information on regulatory matters for the Columbia Pipeline Group Operations segment.

Environmental Matters

Various environmental matters occasionally impact the Columbia Pipeline Group Operations segment. As of June 30, 2014 , a reserve has been recorded to cover probable and estimable environmental response actions. Refer to Note 17-C, "Environmental Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for additional information regarding environmental matters for the Columbia Pipeline Group Operations segment.

Throughput

Columbia Transmission's throughput consists of gas transportation service deliveries to LDC city gates, to gas fired power plants, other industrial customers, or other interstate pipelines in its market area. Columbia Transmission's market area covers portions of northeastern, mid-Atlantic, midwestern, and southern states as well as the District of Columbia. Gas delivered via transportation services to storage is not accounted for as throughput until it is withdrawn from storage and delivered to one of the aforementioned locations via a transportation service. Throughput for Columbia Gulf traditionally consists of gas delivered to Columbia Transmission at Leach, Kentucky as well as gas delivered south of Leach to other interstate pipelines or to an LDC's city gate. Market conditions on Columbia Gulf have resulted in greater use of backhaul transportation services from supplies originating near Leach Kentucky and its Louisiana interconnects to markets in the southeastern United States. Crossroads Pipeline serves customers in northern Indiana and Ohio via gas flowing west to east originating from outside the Chicago area to Cygnet, Ohio where it interconnects with Columbia Transmission. Intra-segment eliminations represent gas delivered to an affiliated pipeline within the segment.

Throughput for the Columbia Pipeline Group Operations segment totaled 321.5 MMDth for the second quarter of 2014 , compared to 288.3 MMDth for the same period in 2013 . The increase of 33.2 MMDth reflected favorable pricing conditions to third party interconnects in the Southeast region of the United States, which have been running at near full capacity.

Throughput for the Columbia Pipeline Group Operations segment totaled 910.0 MMDth for the six months ended June 30, 2014 , compared to 825.4 MMDth for the same period in 2013 . The increase of 84.6 MMDth was primarily attributable to much colder than normal weather and the favorable pricing conditions to third party interconnects, mentioned above.

Net Revenues

Net revenues were \$343.4 million for the second quarter of 2014 , an increase of \$69.7 million from the same period in 2013 . The increase in net revenues is due primarily to higher regulatory trackers, which are offset in expense, of \$47.5 million, increased demand margin revenue of \$15.0 million primarily as a result of growth projects placed in service and higher mineral rights royalty revenue of \$7.5 million.

Net revenues were \$688.9 million for the six months ended June 30, 2014, an increase of \$113.9 million from the same period in 2013. The increase in net revenues is due primarily to higher regulatory trackers, which are offset in expense, of \$72.0 million, increased demand margin revenue of \$22.4 million primarily as a result of growth projects placed in service and higher mineral rights royalty revenue of \$14.6 million.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

(continued)

NiSource Inc.

Columbia Pipeline Group Operations

Operating Income

Operating income was \$103.7 million for the second quarter of 2014 , an increase of \$14.9 million from the second quarter of 2013 . Operating income increased as a result of higher net revenues, as described above, and higher equity earnings partially offset by increased operating expenses. Equity earnings increased \$3.1 million due to higher earnings at Millennium attributable to growth projects placed in service. Operating expenses were \$57.9 million higher than the comparable period primarily as a result of increased regulatory trackers, which are offset in net revenues, of \$47.5 million, higher employee and administrative expenses of \$4.2 million and increased depreciation of \$2.3 million.

Operating income was \$262.6 million for the six months ended June 30, 2014, an increase of \$40.3 million from the comparable 2013 period. Operating income increased as a result of higher net revenues, as described above, and higher equity earnings partially offset by increased operating expenses. Equity earnings increased \$5.8 million due to higher earnings at Millennium attributable to growth projects placed in service. Operating expenses were \$79.4 million higher than the comparable period primarily as a result of increased regulatory trackers, which are offset in net revenues, of \$72.0 million, higher employee and administrative expenses of \$10.9 million, increased depreciation of \$6.3 million and higher property taxes of \$2.5 million. These increases were partially offset by an increase in the gains on the sale of assets of \$17.6 million primarily resulting from conveyances of mineral interests.

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

(continued)

NiSource Inc.

Electric Operations

<i>(in millions)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Net Revenues				
Sales revenues	\$ 405.4	\$ 385.1	\$ 855.8	\$ 762.7
Less: Cost of sales (excluding depreciation and amortization)	146.3	141.3	326.7	266.2
Net Revenues	259.1	243.8	529.1	496.5
Operating Expenses				
Operation and maintenance	122.2	108.7	234.7	216.6
Depreciation and amortization	60.1	60.4	120.5	123.6
Gain on sale of assets	(0.1)	—	(0.1)	—
Other taxes	14.0	15.2	32.2	31.6
Total Operating Expenses	196.2	184.3	387.3	371.8
Operating Income	\$ 62.9	\$ 59.5	\$ 141.8	\$ 124.7
Revenues (\$ in millions)				
Residential	\$ 100.2	\$ 95.7	\$ 213.4	\$ 204.0
Commercial	108.7	104.3	214.9	208.0
Industrial	172.0	152.3	351.7	311.7
Wholesale	0.3	16.0	21.7	17.7
Other	24.2	16.8	54.1	21.3
Total	\$ 405.4	\$ 385.1	\$ 855.8	\$ 762.7
Sales (Gigawatt Hours)				
Residential	793.2	769.1	1,689.4	1,633.2
Commercial	964.9	942.6	1,900.4	1,863.8
Industrial	2,455.8	2,256.3	5,062.9	4,575.9
Wholesale	12.1	494.7	323.9	556.0
Other	34.9	27.0	68.3	60.2
Total	4,260.9	4,489.7	9,044.9	8,689.1
Cooling Degree Days	276	250	276	250
Normal Cooling Degree Days	229	229	229	229
% Warmer than Normal	21%	9%	21%	9%
Electric Customers				
Residential			401,671	401,162
Commercial			54,303	54,189
Industrial			2,370	2,376
Wholesale			767	728
Other			6	6
Total			459,117	458,461

NiSource generates and distributes electricity, through its subsidiary NIPSCO, to approximately 459 thousand customers in 20 counties in the northern part of Indiana. The operating results reflect the temperature-sensitive nature of customer demand with annual sales affected by temperatures in the northern part of Indiana. As a result, segment operating income is generally higher in the second and third quarters, reflecting cooling demand during the summer season.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

(continued)

NiSource Inc.

Electric Operations

Electric Supply

On October 28, 2011, NIPSCO filed its 2011 Integrated Resource Plan with the IURC. The plan evaluates demand-side and supply-side resource alternatives to reliably and cost-effectively meet NIPSCO customers' future energy requirements over the next twenty years. Existing resources are expected to be sufficient, assuming favorable outcomes for environmental upgrades, to meet customers' needs for the next decade. NIPSCO continues to monitor and assess economic, regulatory and legislative activity, and will update its resource plan as appropriate.

Regulatory Matters

Refer to Note 6, "Regulatory Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for information on significant rate developments and cost recovery and trackers for the Electric Operations segment.

Environmental Matters

Various environmental matters occasionally impact the Electric Operations segment. As of June 30, 2014, a reserve has been recorded to cover probable and estimable environmental response actions. Refer to Note 17-C, "Environmental Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for additional information regarding environmental matters for the Electric Operations segment.

Transmission Upgrade Agreements

On February 11, 2014, NIPSCO entered into TUAs with upgrade sponsors to complete upgrades on NIPSCO's transmission system on behalf of those sponsors. The upgrade sponsors have agreed to reimburse NIPSCO for the total cost to construct transmission upgrades and place them into service, which is estimated at \$50.3 million, multiplied by a rate of 1.71 ("the multiplier").

On June 10, 2014, certain upgrade sponsors for both TUAs, filed a complaint at FERC against NIPSCO regarding the multiplier stated in the TUAs. On June 30, 2014, NIPSCO filed an answer defending the terms of the TUAs and the just and reasonable nature of the multiplier charged therein and moved for dismissal of the complaint. NIPSCO will continue to monitor developments in this matter but cannot estimate the impact (if any) on the Condensed Consolidated Financial Statements (unaudited) the complaint will have at this time.

Sales

Electric Operations sales quantities for the second quarter of 2014 were 4,260.9 gwh, a decrease of 228.8 gwh compared to the second quarter of 2013. The 5.1% decrease is primarily attributable to a decrease in market opportunities for off-system sales during the second quarter of 2014, partially offset by an increase in industrial usage.

Electric Operations sales quantities for the six months ended June 30, 2014 were 9,044.9 gwh, an increase of 355.8 gwh compared to the same period in 2013. The 4.1% increase is primarily attributable to an increase in industrial usage due to large industrial customers expanding plant operations and using less internal generation.

Net Revenues

Net revenues were \$259.1 million for the second quarter of 2014, an increase of \$15.3 million from the same period in 2013. The increase in net revenues is due primarily to higher industrial, commercial, and residential usage of \$8.1 million, an increase in the return on the environmental capital investment recovery of \$5.0 million due to an increased plant balance eligible for recovery, lower fuel handling costs of \$2.2 million and the effects of weather of \$2.1 million. These increases were partially offset by a decrease in off-system sales of \$5.5 million.

Net revenues were \$529.1 million for the six months ended June 30, 2014, an increase of \$32.6 million from the same period in 2013. The increase in net revenues is due primarily to higher industrial usage of \$15.7 million, an increase in the return on the environmental capital investment recovery of \$13.1 million due to an increased plant balance eligible for recovery, the effects of weather of \$6.5 million and higher off-system sales of \$4.1 million. Additionally, there was increased revenue of \$2.8 million as a result of two electric transmission projects authorized by the MISO. These increases were partially offset by a decrease in transmission upgrade revenue of \$6.5 million and lower trackers, which are offset in expense, of \$4.0 million.

At NIPSCO, sales revenues and customer billings are adjusted for amounts related to under and over-recovered purchased fuel costs from prior periods per regulatory order. These amounts are primarily reflected in the "Other" gross revenues statistic provided at the beginning of this segment discussion. The adjustment to Other gross revenues for the three and six months ended June 30,

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

(continued)

NiSource Inc.

Electric Operations

2014 was a revenue increase of \$10.5 million and \$30.8 million, respectively, compared to a revenue increase of \$6.9 million and a decrease of \$0.3 million for the three and six months ended June 30, 2013, respectively.

Operating Income

For the second quarter of 2014, Electric Operations reported operating income of \$62.9 million, an increase of \$3.4 million from the comparable 2013 period. Operating income increased as a result of higher net revenues, as described above, partially offset by increased operating expenses. Operating expenses increased \$11.9 million due primarily to higher electric generation costs of \$11.0 million as a result of outages and maintenance and increased employee and administrative expenses of \$5.6 million.

For the for the six months ended June 30, 2014, Electric Operations reported operating income of \$141.8 million, an increase of \$17.1 million from the comparable 2013 period. Operating income increased as a result of higher net revenues, as described above, partially offset by increased operating expenses. Operating expenses increased \$15.5 million due primarily to higher employee and administrative expenses of \$12.1 million and increased electric generation costs of \$10.9 million. These increases were partially offset by a decrease in trackers, which are offset in net revenues, of \$4.0 million.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

NiSource Inc.

For a discussion regarding quantitative and qualitative disclosures about market risk see “Management’s Discussion and Analysis of Financial Condition and Results of Operations - Market Risk Disclosures.”

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

NiSource’s Chief Executive Officer and its Principal Financial Officer, after evaluating the effectiveness of NiSource’s disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)), have concluded based on the evaluation required by paragraph (b) of Exchange Act Rules 13a-15 and 15d-15 that, as of the end of the period covered by this report, NiSource’s disclosure controls and procedures are considered effective.

Changes in Internal Controls

During the quarter ended June 30, 2014, NiSource implemented the second phase of a multi-year process of migrating all of its subsidiaries to a common general ledger system. During this phase, Columbia of Ohio, Columbia of Pennsylvania, Columbia of Virginia, Columbia of Kentucky and Columbia of Maryland migrated to this new general ledger system. The implementation is not being made in response to any deficiency in our internal controls. This implementation has resulted in certain changes to business processes and internal controls impacting our financial reporting. NiSource has taken steps to monitor and maintain appropriate internal control over financial reporting during this phase and will continue to evaluate the operating effectiveness of related controls during subsequent phases and periods.

PART II

ITEM 1. LEGAL PROCEEDINGS

NiSource Inc.

None.

ITEM 1A. RISK FACTORS

There were no material changes from the risk factors disclosed in NiSource's 2013 Annual Report on Form 10-K filed on February 18, 2014.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

NiSource Inc.

- (31.1) Certification of Robert C. Skaggs, Jr., Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- (31.2) Certification of Stephen P. Smith, Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- (32.1) Certification of Robert C. Skaggs, Jr., Chief Executive Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).
- (32.2) Certification of Stephen P. Smith, Chief Financial Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).

- (101.INS) XBRL Instance Document
- (101.SCH) XBRL Schema Document
- (101.CAL) XBRL Calculation Linkbase Document
- (101.LAB) XBRL Labels Linkbase Document
- (101.PRE) XBRL Presentation Linkbase Document
- (101.DEF) XBRL Definition Linkbase Document

Pursuant to Item 601(b)(4)(iii) of Regulation S-K, NiSource hereby agrees to furnish the SEC, upon request, any instrument defining the rights of holders of long-term debt of NiSource not filed as an exhibit herein. No such instrument authorizes long-term debt securities in excess of 10% of the total assets of NiSource and its subsidiaries on a consolidated basis.

**Certification Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002**

I, Robert C. Skaggs, Jr., certify that:

1. I have reviewed this Quarterly Report of NiSource Inc. on Form 10-Q for the quarter ended June 30, 2014 ;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 31, 2014

By:

/s/ Robert C. Skaggs, Jr.

Robert C. Skaggs, Jr.
Chief Executive Officer

**Certification Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002**

I, Stephen P. Smith, certify that:

1. I have reviewed this Quarterly Report of NiSource Inc. on Form 10-Q for the quarter ended June 30, 2014 ;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 31, 2014

By:

/s/ Stephen P. Smith

Stephen P. Smith
Executive Vice President and Chief
Financial Officer

**Certification Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report of NiSource Inc. (the "Company") on Form 10-Q for the quarter ending June 30, 2014 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Robert C. Skaggs, Jr., Chief Executive Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Robert C. Skaggs, Jr.

Robert C. Skaggs, Jr.
Chief Executive Officer

Date: July 31, 2014

**Certification Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report of NiSource Inc. (the "Company") on Form 10-Q for the quarter ending June 30, 2014 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Stephen P. Smith, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Stephen P. Smith

Stephen P. Smith
Executive Vice President and Chief Financial Officer

Date: July 31, 2014

NISOURCE INC/DE

FORM 10-Q (Quarterly Report)

Filed 10/30/14 for the Period Ending 09/30/14

Address	801 EAST 86TH AVE MERRILLVILLE, IN 46410-6272
Telephone	2196475200
CIK	0001111711
Symbol	NI
Fiscal Year	12/31

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2014

or

- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number 001-16189

NiSource Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

35-2108964

(I.R.S. Employer
Identification No.)

801 East 86th Avenue
Merrillville, Indiana

(Address of principal executive offices)

46410

(Zip Code)

(877) 647-5990

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files.)

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company.

Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: Common Stock, \$0.01 Par Value: 315,699,826 shares outstanding at October 23, 2014 .

NISOURCE INC.
FORM 10-Q QUARTERLY REPORT
FOR THE QUARTER ENDED SEPTEMBER 30, 2014

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DEFINED TERMS

The following is a list of frequently used abbreviations or acronyms that are found in this report:

NiSource Subsidiaries and Affiliates

Capital Markets	NiSource Capital Markets, Inc.
CER	Columbia Energy Resources, Inc.
CGORC	Columbia Gas of Ohio Receivables Corporation
Columbia	Columbia Energy Group
Columbia Gulf	Columbia Gulf Transmission Company
Columbia of Kentucky	Columbia Gas of Kentucky, Inc.
Columbia of Maryland	Columbia Gas of Maryland, Inc.
Columbia of Massachusetts	Bay State Gas Company
Columbia of Ohio	Columbia Gas of Ohio, Inc.
Columbia of Pennsylvania	Columbia Gas of Pennsylvania, Inc.
Columbia of Virginia	Columbia Gas of Virginia, Inc.
Columbia Transmission	Columbia Gas Transmission, LLC
CPRC	Columbia Gas of Pennsylvania Receivables Corporation
Crossroads Pipeline	Crossroads Pipeline Company
Hardy Storage	Hardy Storage Company, LLC
Kokomo Gas	Kokomo Gas and Fuel Company
Millennium	Millennium Pipeline Company, L.L.C.
NARC	NIPSCO Accounts Receivable Corporation
NDC Douglas Properties	NDC Douglas Properties, Inc.
NEVCO	NiSource Energy Ventures, LLC
NIPSCO	Northern Indiana Public Service Company
NiSource	NiSource Inc.
NiSource Corporate Services	NiSource Corporate Services Company
NiSource Development Company	NiSource Development Company, Inc.
NiSource Finance	NiSource Finance Corp.
Northern Indiana Fuel and Light	Northern Indiana Fuel and Light Company
NiSource Midstream	NiSource Midstream Services, LLC
Pennant	Pennant Midstream, LLC

Abbreviations

AFUDC	Allowance for funds used during construction
AOC	Administrative Order by Consent
AOCI	Accumulated Other Comprehensive Income (Loss)
ASU	Accounting Standards Update
BBA	British Banker Association
Bcf	Billion cubic feet
BNS	Bank of Nova Scotia
BTMU	The Bank of Tokyo-Mitsubishi UFJ, LTD.
BTU	British Thermal Unit
CAA	Clean Air Act
CAIR	Clean Air Interstate Rule
CAMR	Clean Air Mercury Rule

DEFINED TERMS (continued)

CCRs	Coal Combustion Residuals
CO ₂	Carbon Dioxide
CSAPR	Cross-State Air Pollution Rule
DEP	Department of Environmental Protection
DIMP	Distribution Integrity Management Program
DPU	Department of Public Utilities
DSM	Demand Side Management
Dth	Dekatherm
ECR	Environmental Cost Recovery
ECRM	Environmental Cost Recovery Mechanism
ECT	Environmental Cost Tracker
EERM	Environmental Expense Recovery Mechanism
EPA	United States Environmental Protection Agency
EPS	Earnings per share
FAC	Fuel adjustment clause
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
FGD	Flue Gas Desulfurization
FTRs	Financial Transmission Rights
GAAP	Generally Accepted Accounting Principles
GAF	Gas Adjustment Factor
GCIM	Gas Cost Incentive Mechanism
GCR	Gas cost recovery
GHG	Greenhouse gases
gwh	Gigawatt hours
Hilcorp	Hilcorp Energy Company
hp	Horsepower
IDEM	Indiana Department of Environmental Management
INDIEC	Indiana Industrial Energy Consumers, Inc.
IRP	Infrastructure Replacement Program
IURC	Indiana Utility Regulatory Commission
kV	Kilovolt
LDAF	Local Distribution Adjustment Factor
LDCs	Local distribution companies
LIBOR	London InterBank Offered Rate
LIFO	Last-in, first-out
LNG	Liquefied Natural Gas
MATS	Mercury and Air Toxics Standards
Mcf	Thousand cubic feet
MMcf	Million cubic feet
MGP	Manufactured Gas Plant
MISO	Midcontinent Independent System Operator
Mizuho	Mizuho Corporate Bank Ltd.
MMDth	Million dekatherms
mw	Megawatts

DEFINED TERMS (continued)

mwh	Megawatt hours
NAAQS	National Ambient Air Quality Standards
NGL	Natural Gas Liquids
NOV	Notice of Violation
NO ₂	Nitrogen dioxide
NO _x	Nitrogen oxide
NYMEX	New York Mercantile Exchange
OCI	Other Comprehensive Income (Loss)
OPEB	Other Postretirement Benefits
OUCC	Indiana Office of Utility Consumer Counselor
PEF	Pension Expense Factor
Piedmont	Piedmont Natural Gas Company, Inc.
PM	Particulate matter
PNC	PNC Bank, N.A.
PUC	Public Utility Commission
PUCO	Public Utilities Commission of Ohio
RA	Resource Adequacy
RAAF	Residential Assistance Adjustment Factor
RACT	Reasonably Available Control Technology
RBS	Royal Bank of Scotland, PLC
RTO	Regional Transmission Organization
SAVE	Steps to Achieve Virginia's Energy
SEC	Securities and Exchange Commission
SIP	State Implementation Plan
SO ₂	Sulfur dioxide
TDSIC	Transmission, Distribution and Storage System Improvement Charge
TUAs	Transmission Upgrade Agreements
VIE	Variable Interest Entities
VSCC	Virginia State Corporation Commission

PART I**ITEM 1. FINANCIAL STATEMENTS****NiSource Inc.
Condensed Statements of Consolidated Income (unaudited)**

<i>(in millions, except per share amounts)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Net Revenues				
Gas Distribution	\$ 240.3	\$ 255.1	\$ 1,878.8	\$ 1,540.6
Gas Transportation and Storage	381.7	346.9	1,350.3	1,181.9
Electric	424.6	413.4	1,279.4	1,175.2
Other	77.3	61.4	271.0	162.8
Gross Revenues	1,123.9	1,076.8	4,779.5	4,060.5
Cost of Sales (excluding depreciation and amortization)	230.5	243.0	1,663.5	1,268.3
Total Net Revenues	893.4	833.8	3,116.0	2,792.2
Operating Expenses				
Operation and maintenance	529.5	468.9	1,563.8	1,375.6
Depreciation and amortization	153.0	144.5	450.8	431.4
Gain on sale of assets, net	(2.9)	(9.8)	(19.3)	(10.2)
Other taxes	68.0	64.3	242.5	221.7
Total Operating Expenses	747.6	667.9	2,237.8	2,018.5
Equity Earnings in Unconsolidated Affiliates	12.0	10.5	32.9	25.6
Operating Income	157.8	176.4	911.1	799.3
Other Income (Deductions)				
Interest expense, net	(109.6)	(103.7)	(327.8)	(304.3)
Other, net	9.2	4.7	21.2	22.1
Total Other Deductions	(100.4)	(99.0)	(306.6)	(282.2)
Income from Continuing Operations before Income Taxes	57.4	77.4	604.5	517.1
Income Taxes	25.9	27.9	228.1	179.2
Income from Continuing Operations	31.5	49.5	376.4	337.9
(Loss) Income from Discontinued Operations - net of taxes	(0.1)	0.1	(0.6)	7.5
(Loss) Gain on Disposition of Discontinued Operations - net of taxes	—	(1.5)	—	34.9
Net Income	\$ 31.4	\$ 48.1	\$ 375.8	\$ 380.3
Basic Earnings Per Share				
Continuing operations	\$ 0.10	\$ 0.16	\$ 1.19	\$ 1.08
Discontinued operations	—	—	—	0.14
Basic Earnings Per Share	\$ 0.10	\$ 0.16	\$ 1.19	\$ 1.22
Diluted Earnings Per Share				
Continuing operations	\$ 0.10	\$ 0.16	\$ 1.19	\$ 1.08
Discontinued operations	—	—	—	0.14
Diluted Earnings Per Share	\$ 0.10	\$ 0.16	\$ 1.19	\$ 1.22
Dividends Declared Per Common Share	\$ 0.26	\$ 0.25	\$ 1.02	\$ 0.98
Basic Average Common Shares Outstanding	315.4	312.8	314.9	312.1
Diluted Average Common Shares	316.6	313.8	316.0	313.0

The accompanying Notes to Condensed Consolidated Financial Statements (unaudited) are an integral part of these statements.

[Table of Contents](#)ITEM 1. FINANCIAL STATEMENTS (continued)**NiSource Inc.**
Condensed Statements of Consolidated Comprehensive Income (unaudited)

<i>(in millions, net of taxes)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Net Income	\$ 31.4	\$ 48.1	\$ 375.8	\$ 380.3
Other comprehensive income (loss)				
Net unrealized (loss) gain on available-for-sale securities ⁽¹⁾	(0.6)	0.9	0.2	(2.4)
Net unrealized gain on cash flow hedges ⁽²⁾	0.6	0.6	1.9	2.0
Unrecognized pension and OPEB (cost) benefit ⁽³⁾	(0.2)	0.1	(0.1)	5.5
Total other comprehensive (loss) income	(0.2)	1.6	2.0	5.1
Total Comprehensive Income	\$ 31.2	\$ 49.7	\$ 377.8	\$ 385.4

⁽¹⁾ Net unrealized (loss) gain on available-for-sale securities, net of \$ 0.3 million tax benefit and \$ 0.5 million tax expense in the third quarter of 2014 and 2013 , respectively, and \$0.1 million tax expense and \$1.3 million tax benefit for the nine months ended 2014 and 2013 , respectively.

⁽²⁾ Net unrealized gains on derivatives qualifying as cash flow hedges, net of \$ 0.4 million tax expense in the third quarter of 2014 and 2013 , and \$1.2 million and \$1.3 million tax expense for the nine months ended 2014 and 2013 , respectively.

⁽³⁾ Unrecognized pension and OPEB (cost) benefit, net of zero tax benefit and tax expense in the third quarter of 2014 and 2013 , respectively, and \$0.7 million tax benefit and \$3.5 million tax expense for the nine months ended 2014 and 2013 , respectively.

The accompanying Notes to Condensed Consolidated Financial Statements (unaudited) are an integral part of these statements.

[Table of Contents](#)ITEM 1. FINANCIAL STATEMENTS (continued)**NiSource Inc.**
Condensed Consolidated Balance Sheets (unaudited)

<i>(in millions)</i>	September 30, 2014	December 31, 2013
ASSETS		
Property, Plant and Equipment		
Utility plant	\$ 24,775.7	\$ 23,303.7
Accumulated depreciation and amortization	(9,533.2)	(9,256.5)
Net utility plant	15,242.5	14,047.2
Other property, at cost, less accumulated depreciation	344.0	317.9
Net Property, Plant and Equipment	15,586.5	14,365.1
Investments and Other Assets		
Unconsolidated affiliates	443.5	373.7
Other investments	211.7	204.0
Total Investments and Other Assets	655.2	577.7
Current Assets		
Cash and cash equivalents	17.7	26.8
Restricted cash	16.0	8.0
Accounts receivable (less reserve of \$18.4 and \$23.5, respectively)	639.3	1,005.8
Gas inventory	513.0	354.6
Underrecovered gas and fuel costs	54.7	46.4
Materials and supplies, at average cost	106.4	101.2
Electric production fuel, at average cost	48.2	44.6
Exchange gas receivable	80.9	70.6
Regulatory assets	200.1	142.8
Deferred income taxes	231.7	175.3
Prepayments and other	103.6	183.1
Total Current Assets	2,011.6	2,159.2
Other Assets		
Regulatory assets	1,440.9	1,522.2
Goodwill	3,666.2	3,666.2
Intangible assets	267.4	275.7
Deferred charges and other	82.3	87.8
Total Other Assets	5,456.8	5,551.9
Total Assets	\$ 23,710.1	\$ 22,653.9

The accompanying Notes to Condensed Consolidated Financial Statements (unaudited) are an integral part of these statements.

[Table of Contents](#)ITEM 1. FINANCIAL STATEMENTS (continued)**NiSource Inc.****Condensed Consolidated Balance Sheets (unaudited) (continued)**

<i>(in millions, except share amounts)</i>	September 30, 2014	December 31, 2013
CAPITALIZATION AND LIABILITIES		
Capitalization		
Common Stockholders' Equity		
Common stock - \$0.01 par value, 400,000,000 shares authorized; 315,597,089 and 313,675,911 shares outstanding, respectively	\$ 3.2	\$ 3.2
Additional paid-in capital	4,764.7	4,690.1
Retained earnings	1,339.9	1,285.5
Accumulated other comprehensive loss	(41.6)	(43.6)
Treasury stock	(58.9)	(48.6)
Total Common Stockholders' Equity	6,007.3	5,886.6
Long-term debt, excluding amounts due within one year	8,397.4	7,593.2
Total Capitalization	14,404.7	13,479.8
Current Liabilities		
Current portion of long-term debt	18.7	542.1
Short-term borrowings	1,311.1	698.7
Accounts payable	427.7	619.0
Dividends payable	82.1	—
Customer deposits and credits	257.1	262.6
Taxes accrued	189.3	254.8
Interest accrued	81.7	136.4
Overrecovered gas and fuel costs	21.2	32.2
Exchange gas payable	143.1	186.4
Deferred revenue	6.5	18.5
Regulatory liabilities	79.9	60.2
Accrued liability for postretirement and postemployment benefits	6.2	6.2
Legal and environmental	15.3	32.3
Other accruals	408.6	329.0
Total Current Liabilities	3,048.5	3,178.4
Other Liabilities and Deferred Credits		
Deferred income taxes	3,540.8	3,277.8
Deferred investment tax credits	18.2	20.9
Deferred credits	102.7	91.9
Deferred revenue	20.9	17.1
Accrued liability for postretirement and postemployment benefits	425.6	527.5
Regulatory liabilities	1,675.8	1,669.8
Asset retirement obligations	175.2	174.4
Other noncurrent liabilities	297.7	216.3
Total Other Liabilities and Deferred Credits	6,256.9	5,995.7
Commitments and Contingencies (Refer to Note 16)	—	—
Total Capitalization and Liabilities	\$ 23,710.1	\$ 22,653.9

The accompanying Notes to Condensed Consolidated Financial Statements (unaudited) are an integral part of these statements.

[Table of Contents](#)ITEM 1. FINANCIAL STATEMENTS (continued)**NiSource Inc.**
Condensed Statements of Consolidated Cash Flows (unaudited)

Nine Months Ended September 30, (in millions)	2014	2013
Operating Activities		
Net Income	\$ 375.8	\$ 380.3
Adjustments to Reconcile Net Income to Net Cash from Continuing Operations:		
Depreciation and amortization	450.8	431.4
Net changes in price risk management assets and liabilities	1.9	1.9
Deferred income taxes and investment tax credits	220.8	199.1
Deferred revenue	1.9	1.6
Stock compensation expense and 401(k) profit sharing contribution	54.6	39.7
Gain on sale of assets	(19.3)	(10.2)
Income from unconsolidated affiliates	(32.3)	(25.5)
Gain on disposition of discontinued operations - net of taxes	—	(34.9)
Loss (Income) from discontinued operations - net of taxes	0.6	(7.5)
Amortization of debt related costs	7.5	7.0
AFUDC equity	(15.6)	(12.7)
Distributions of earnings received from equity investees	27.6	19.0
Changes in Assets and Liabilities		
Accounts receivable	362.6	318.4
Income tax receivable	2.1	124.6
Inventories	(170.8)	(103.7)
Accounts payable	(218.1)	(177.7)
Customer deposits and credits	70.2	(20.4)
Taxes accrued	(67.7)	(68.0)
Interest accrued	(54.6)	(62.1)
(Under) Overrecovered gas and fuel costs	(19.2)	38.1
Exchange gas receivable/payable	(53.6)	28.1
Other accruals	(29.7)	(36.5)
Prepayments and other current assets	56.1	45.5
Regulatory assets/liabilities	17.1	71.5
Postretirement and postemployment benefits	(102.5)	(95.9)
Deferred credits	13.8	11.1
Deferred charges and other noncurrent assets	1.5	11.8
Other noncurrent liabilities	6.3	(6.3)
Net Operating Activities from Continuing Operations	887.8	1,067.7
Net Operating Activities (used for) from Discontinued Operations	(1.3)	10.9
Net Cash Flows from Operating Activities	886.5	1,078.6
Investing Activities		
Capital expenditures	(1,441.7)	(1,297.3)
Insurance recoveries	6.8	6.4
Proceeds from disposition of assets	7.6	17.9
Restricted cash (deposits) withdrawals	(8.1)	28.5
Contributions to equity investees	(63.8)	(77.1)
Other investing activities	(13.0)	(48.4)
Net Investing Activities used for Continuing Operations	(1,512.2)	(1,370.0)
Net Investing Activities from Discontinued Operations	—	118.7
Net Cash Flows used for Investing Activities	(1,512.2)	(1,251.3)
Financing Activities		

Issuance of long-term debt	748.4	815.3
Repayments of long-term debt and capital lease obligations	(517.1)	(505.2)
Premiums and other debt related costs	—	(3.2)
Change in short-term borrowings, net	612.4	43.9
Issuance of common stock	22.4	36.1
Acquisition of treasury stock	(10.3)	(8.0)
Dividends paid - common stock	(239.2)	(227.6)
Net Cash Flows from Financing Activities	616.6	151.3
Change in cash and cash equivalents used for continuing operations	(7.8)	(151.0)
Cash contributions (to) from discontinued operations	(1.3)	129.6
Cash and cash equivalents at beginning of period	26.8	36.3
Cash and Cash Equivalents at End of Period	\$ 17.7	\$ 14.9

The accompanying Notes to Condensed Consolidated Financial Statements (unaudited) are an integral part of these statements.

[Table of Contents](#)ITEM 1. FINANCIAL STATEMENTS (continued)**NiSource Inc.****Condensed Statement of Consolidated Common Stockholders' Equity (unaudited)**

<i>(in millions)</i>	Common Stock	Treasury Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income/(Loss)	Total
Balance as of January 1, 2014	\$ 3.2	\$ (48.6)	\$ 4,690.1	\$ 1,285.5	\$ (43.6)	\$ 5,886.6
Comprehensive Income:						
Net Income	—	—	—	375.8	—	375.8
Other comprehensive income, net of tax	—	—	—	—	2.0	2.0
Common stock dividends	—	—	—	(321.4)	—	(321.4)
Treasury stock acquired	—	(10.3)	—	—	—	(10.3)
Issued:						
Employee stock purchase plan	—	—	3.0	—	—	3.0
Long-term incentive plan	—	—	31.9	—	—	31.9
401(k) and profit sharing issuance	—	—	33.8	—	—	33.8
Dividend reinvestment plan	—	—	5.9	—	—	5.9
Balance as of September 30, 2014	\$ 3.2	\$ (58.9)	\$ 4,764.7	\$ 1,339.9	\$ (41.6)	\$ 6,007.3

The accompanying Notes to Condensed Consolidated Financial Statements (unaudited) are an integral part of these statements.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited)

1. Basis of Accounting Presentation

The accompanying Condensed Consolidated Financial Statements (unaudited) for NiSource (the “Company”) reflect all normal recurring adjustments that are necessary, in the opinion of management, to present fairly the results of operations in accordance with GAAP in the United States of America.

The accompanying financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in NiSource’s Annual Report on Form 10-K for the fiscal year ended December 31, 2013 . Income for interim periods may not be indicative of results for the calendar year due to weather variations and other factors.

The Condensed Consolidated Financial Statements (unaudited) have been prepared pursuant to the rules and regulations of the SEC. Certain information and note disclosures normally included in annual financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to those rules and regulations, although NiSource believes that the disclosures made are adequate to make the information not misleading.

Planned Separation of Columbia Pipeline Group and Initial Public Offering of Columbia Pipeline Partners LP

On September 28, 2014, NiSource announced that its Board of Directors had approved in principle plans to separate its natural gas pipeline and related businesses into a stand-alone publicly traded company (the “Proposed Separation”). If completed, the Proposed Separation will result in two energy infrastructure companies: NiSource Inc., a fully regulated natural gas and electric utilities company, and Columbia Pipeline Group Inc., a natural gas pipeline, midstream and storage company (“CPG”). The Proposed Separation is expected to occur in mid-2015.

Under the plan for the Proposed Separation, NiSource shareholders would retain their current shares of NiSource stock and receive a *pro rata* distribution of shares of CPG stock in a transaction that is expected to be tax-free to NiSource and its shareholders.

On September 29, 2014, Columbia Pipeline Partners LP, a wholly owned subsidiary (“CPPL”), filed with the Securities and Exchange Commission a Registration Statement on Form S-1 related to CPPL’s proposed initial public offering of common units representing limited partner interests in CPPL. We expect that CPPL will sell a minority share of its total limited partner interests in the offering, which is expected to occur in the first quarter of 2015. If the proposed offering closes, CPPL’s initial asset would consist of an approximate 14.6% ownership interest in CPG OpCo LP (“Columbia OpCo”), which is the entity that will own substantially all of NiSource’s natural gas transmission, midstream and storage assets. In addition, NiSource, through its ownership of CPG, would indirectly own (a) the remaining ownership interest in Columbia OpCo, (b) the general partner of CPPL, (c) the remaining CPPL limited partner interests that are not sold in the offering and (d) all the incentive distribution rights in CPPL.

[Table of Contents](#)ITEM 1. FINANCIAL STATEMENTS (continued)**NiSource Inc.****Notes to Condensed Consolidated Financial Statements (unaudited) (continued)****2. Recent Accounting Pronouncements**

In June 2014, the FASB issued ASU 2014-12, *Compensation - Stock Compensation (Topic 718): Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period*. ASU 2014-12 clarifies that entities should treat performance targets that can be met after the requisite service period of a share-based payment award as performance conditions that affect vesting. NiSource is required to adopt ASU 2014-12 for periods beginning after December 15, 2015, including interim periods, and the guidance is to be applied prospectively, with early adoption permitted. Retroactive application would apply to awards with performance targets outstanding after the beginning of the first annual period presented. The adoption of this guidance will not have a material impact on the Condensed Consolidated Financial Statements (unaudited) or Notes to Condensed Consolidated Financial Statements (unaudited).

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. ASU 2014-09 outlines a single, comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. NiSource is required to adopt ASU 2014-09 for periods beginning after December 15, 2016, including interim periods, and the new standard is to be applied retrospectively with early adoption not permitted. NiSource is currently evaluating the impact the adoption of ASU 2014-09 will have on its Condensed Consolidated Financial Statements (unaudited) and Notes to Condensed Consolidated Financial Statements (unaudited).

In April 2014, the FASB issued ASU 2014-08, *Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360): Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity*. ASU 2014-08 changes the criteria for reporting a discontinued operation. Under the new pronouncement, a disposal of a part of an organization that has a major effect on its operations and financial results is a discontinued operation. NiSource is required to adopt ASU 2014-08 prospectively for all disposals or components of its business classified as held for sale during fiscal periods beginning after December 15, 2014. NiSource is currently evaluating what impact, if any, adoption of ASU 2014-08 will have on its Condensed Consolidated Financial Statements (unaudited) and Notes to Condensed Consolidated Financial Statements (unaudited).

3. Earnings Per Share

Basic EPS is computed by dividing income available to common stockholders by the weighted-average number of shares of common stock outstanding for the period. The weighted average shares outstanding for diluted EPS includes the incremental effects of the various long-term incentive compensation plans. The numerator in calculating both basic and diluted EPS for each period is reported net income. The computation of diluted average common shares follows:

<i>(in thousands)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Denominator				
Basic average common shares outstanding	315,418	312,842	314,889	312,053
Dilutive potential common shares:				
Stock options	32	112	30	102
Shares contingently issuable under employee stock plans	725	369	649	327
Shares restricted under stock plans	451	490	438	477
Diluted Average Common Shares	316,626	313,813	316,006	312,959

[Table of Contents](#)ITEM 1. FINANCIAL STATEMENTS (continued)**NiSource Inc.****Notes to Condensed Consolidated Financial Statements (unaudited) (continued)****4. Discontinued Operations and Assets and Liabilities Held for Sale**

There were no assets and liabilities of discontinued operations and held for sale on the Condensed Consolidated Balance Sheets (unaudited) at September 30, 2014 and December 31, 2013 .

Results from discontinued operations are provided in the following table. These results are primarily from a settlement at NiSource's former exploration and production subsidiary, CER, NiSource's Retail Services business, and NiSource's unregulated natural gas marketing business.

<i>(in millions)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Net Revenues from Discontinued Operations	\$ —	\$ 0.4	\$ —	\$ 1.3
(Loss) Income from discontinued operations	(0.2)	0.1	(1.0)	12.2
Income tax (benefit) expense	(0.1)	—	(0.4)	4.7
(Loss) Income from Discontinued Operations - net of taxes	\$ (0.1)	\$ 0.1	\$ (0.6)	\$ 7.5
(Loss) Gain on Disposition of Discontinued Operations - net of taxes	\$ —	\$ (1.5)	\$ —	\$ 34.9

5. Asset Retirement Obligations

Certain costs of removal that have been, and continue to be, included in depreciation rates and collected in the service rates of the rate-regulated subsidiaries are classified as “Regulatory liabilities” on the Condensed Consolidated Balance Sheets (unaudited).

Changes in NiSource’s liability for asset retirement obligations for the nine months ended September 30, 2014 and 2013 are presented in the table below:

<i>(in millions)</i>	2014	2013
Balance as of January 1,	\$ 174.4	\$ 160.4
Accretion expense	1.2	0.9
Accretion recorded as a regulatory asset/liability	6.3	6.5
Additions	2.3	9.7
Settlements	(1.4)	(1.3)
Change in estimated cash flows ⁽¹⁾	(7.6)	(0.7)
Balance as of September 30,	\$ 175.2	\$ 175.5

⁽¹⁾The change in estimated cash flows for 2014 is primarily attributed to changes in estimated costs to retire pipeline.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

6. Regulatory Matters

Gas Distribution Operations Regulatory Matters

Significant Rate Developments . On April 30, 2013, Indiana Governor Pence signed Senate Enrolled Act 560 into law. Among other provisions, this legislation provides for cost recovery outside of a base rate proceeding for new or replacement electric and gas transmission, distribution, and storage projects that a public utility undertakes for the purposes of safety, reliability, system modernization, or economic development. Provisions of the TDSIC statute require that, among other things, requests for recovery include a seven-year plan of eligible investments. Once the plan is approved by the IURC, 80 percent of eligible costs can be recovered using a periodic rate adjustment mechanism. The cost recovery mechanism is referred to as a TDSIC mechanism. Recoverable costs include a return on, and of, the investment, including AFUDC, post in service carrying charges, operation and maintenance expenses, depreciation, and property taxes. The remaining 20 percent of recoverable costs are to be deferred for future recovery in the public utility's next general rate case. The periodic rate adjustment mechanism is capped at an annual increase of no more than two percent of total retail revenues. On October 3, 2013, NIPSCO filed its gas TDSIC seven-year plan of eligible investments for a total of approximately \$710 million with the IURC. On April 30, 2014, the IURC issued an order approving NIPSCO's gas TDSIC seven-year plan. On May 29, 2014, the NIPSCO Industrial Group filed a Notice of Appeal with the Indiana Court of Appeals in response to the IURC's April 30, 2014 ruling. Subsequently, the NIPSCO Industrial Group filed a Voluntary Notice of Dismissal, which was granted with prejudice.

On September 12, 2014, Columbia of Ohio filed an application that seeks authority to establish a regulatory asset and defer, for accounting and financial reporting purposes, the expenditures to be incurred in implementing Columbia of Ohio's Pipeline Safety Program. Columbia of Ohio is requesting authority to defer Pipeline Safety Program costs of up to \$15 million annually. Comments are due November 17, 2014, and Reply Comments are due December 2, 2014.

On November 25, 2013, Columbia of Ohio filed a Notice of Intent to file an application to adjust rates associated with its IRP and DSM Riders. Columbia of Ohio filed its Application on February 28, 2014, requesting authority to increase revenues by approximately \$25.5 million . The parties have settled all issues, and on April 7, 2014 filed a stipulation providing for a revenue increase of approximately \$25.5 million . On April 23, 2014, Columbia of Ohio received approval of its annual infrastructure replacement and demand-side management rider request from the PUCO. New rates became effective April 30, 2014.

On September 16, 2013, Columbia of Massachusetts filed its Peak Period GAF for the period November 1, 2013 through April 30, 2014, and its Peak Period 2012-2013 GAF Reconciliation. On January 17, 2014, Columbia of Massachusetts filed a revision to the GAF effective February 1, 2014, and on February 18, 2014, Columbia of Massachusetts filed its second revision to the GAF effective March 1, 2014, to eliminate Columbia of Massachusetts's projected Peak Period under-collection of \$50.0 million . On February 28, 2014, the Massachusetts DPU approved a revised GAF subject to further review and reconciliation to recover approximately \$25 million of the anticipated under-collection and defer recovery of the remaining \$25 million to November 2014 through April 2015, and thus, this deferred amount has been incorporated into the proposed GAF as filed on September 16, 2014, in Columbia of Massachusetts's 2014-2015 Peak Period GAF filing.

On August 4, 2014, Columbia of Massachusetts filed its 2014-2015 Peak Period LDAF and on September 16, 2014, Columbia of Massachusetts filed its 2014 PEF and its 2014 RAAF, each with a proposed effective date of November 1, 2014. Columbia of Massachusetts expects approval of the 2014-2015 LDAF by October 31, 2014. Columbia of Massachusetts also expects approval of the 2014 PEF and 2014 RAAF by October 31, 2014, subject to further investigation and reconciliation.

On April 16, 2013, Columbia of Massachusetts submitted a filing with the Massachusetts DPU requesting an annual revenue requirement increase of \$30.1 million . Pursuant to the procedural schedule for this case, on September 3, 2013, Columbia of Massachusetts filed its updated revenue requirement of \$29.5 million and on October 16, 2013, filed an updated cost of service for \$30 million . A final revenue requirement update of \$29.9 million was filed on December 16, 2013. On February 28, 2014, the Massachusetts DPU issued an order granting an annual revenue requirement increase of \$19.3 million effective March 1, 2014, and the compliance filing associated with the order has been approved.

On March 21, 2014, Columbia of Pennsylvania filed a base rate case with the Pennsylvania PUC, seeking a revenue increase of approximately \$54.1 million annually. The case is driven by Columbia of Pennsylvania's capital investment program which exceeds \$180 million in both 2014 and 2015 as well as new pipeline safety-related operation and maintenance expenditures. Columbia of Pennsylvania seeks Pennsylvania PUC approval to implement additional rates to recover costs that are projected to be incurred after the implementation of those new rates, as authorized by the Pennsylvania General Assembly with the passage of Act 11 of

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

2012. Columbia of Pennsylvania's filing seeks to implement rates in December 2014 under which Columbia of Pennsylvania would immediately begin to recover costs that are projected for the twelve-month period ending December 31, 2015. On September 5, 2014, the parties to the rate case filed a joint petition which seeks approval of a full settlement. If the settlement is approved, Columbia of Pennsylvania will be authorized to increase its annual base revenues by \$32.5 million. The administrative law judge assigned to the case issued a Recommended Decision on October 17, 2014, in which he recommended that the settlement be approved, without modification. A final order from the Pennsylvania PUC is expected in the fourth quarter of 2014.

On April 30, 2014, Columbia of Virginia filed a base rate case with the VSCC seeking an annual revenue increase of \$31.8 million, which includes \$6.9 million in annual revenues currently collected as a separate infrastructure replacement rider on customers' bills under the Virginia SAVE Plan Act. The SAVE rider will be reset to zero and these revenues will be moved into non-gas base rates, resulting in a proposed net revenue increase of \$24.9 million per year. Columbia of Virginia also seeks to recover costs related to its implementation of pipeline safety programs and forward looking adjustments to its capital investments and changes in operating costs projected to occur during the rate year ending September 30, 2015. In addition, Columbia of Virginia is proposing a change from volumetric based (Mcf) billing to thermal based (Btu) billing. The VSCC issued a procedural order in the case on May 28, 2014 which scheduled the case for hearing on December 9, 2014. New rates are subject to refund and became effective October 1, 2014.

Cost Recovery and Trackers. A significant portion of the distribution companies' revenue is related to the recovery of gas costs, the review and recovery of which occurs via standard regulatory proceedings. All states require periodic review of actual gas procurement activity to determine prudence and to permit the recovery of prudently incurred costs related to the supply of gas for customers. NiSource distribution companies have historically been found prudent in the procurement of gas supplies to serve customers.

Certain operating costs of the NiSource distribution companies are significant, recurring in nature, and generally outside the control of the distribution companies. Some states allow the recovery of such costs via cost tracking mechanisms. Such tracking mechanisms allow for abbreviated regulatory proceedings in order for the distribution companies to implement charges and recover appropriate costs. Tracking mechanisms allow for more timely recovery of such costs as compared with more traditional cost recovery mechanisms. Examples of such mechanisms include GCR adjustment mechanisms, tax riders, gas energy efficiency programs, and bad debt recovery mechanisms.

Comparability of Gas Distribution Operations line item operating results is impacted by regulatory trackers that allow for the recovery in rates of certain costs such as bad debt expenses. Increases in the expenses that are subject to trackers result in a corresponding increase in net revenues and therefore have essentially no impact on total operating income results.

Certain NiSource distribution companies have completed rate proceedings involving infrastructure replacement or are embarking upon regulatory initiatives to replace significant portions of their operating systems that are nearing the end of their useful lives. Each LDC's approach to cost recovery may be unique, given the different laws, regulations and precedent that exist in each jurisdiction.

As further discussed above, NIPSCO has approval from the IURC to recover certain costs for transmission, distribution and storage system improvements. On August 28, 2014, NIPSCO filed its gas TDSIC-1 with the IURC for ratemaking and accounting relief associated with the eligible investments, which included \$4.4 million of net capital expenditures for the period ended June 30, 2014. This filing includes changes to the revenue requirement mechanism to be consistent with the IURC order in the electric TDSIC case and revised seven-year plan eligible investment projections. An order is expected in the first quarter of 2015.

Columbia Pipeline Group Operations Regulatory Matters

Significant Rate Developments. On January 30, 2014, Columbia Transmission received FERC approval of its December 2013 filing to recover costs associated with the first year of its comprehensive system modernization program. During 2013, Columbia Transmission completed more than 30 individual projects representing a total investment of about \$300 million. The program includes replacement of aging pipeline and compressor facilities, enhancements to system inspection capabilities, and improvements in real-time analytics and control systems. Recovery of the 2013 investments began on February 1, 2014.

The second year of the program includes planned modernization investments of approximately \$330 million. Columbia Transmission and its customers have agreed to the initial five years of the comprehensive modernization program, with an opportunity to mutually extend the agreement.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

Cost Recovery Trackers. A significant portion of the regulated transmission and storage companies' revenue is related to the recovery of their operating costs, the review and recovery of which occurs via standard regulatory proceedings with the FERC under section 4 of the Natural Gas Act. However, certain operating costs of the NiSource regulated transmission and storage companies are significant and recurring in nature, such as fuel for compression and lost and unaccounted for gas, which is settled in-kind and reflected net of recoveries in operating expenses. The FERC allows for the recovery of such costs via cost tracking mechanisms. These tracking mechanisms allow the transmission and storage companies' rates to fluctuate in response to changes in certain operating costs or conditions as they occur to facilitate the timely recovery of its costs incurred. The tracking mechanisms involve a rate adjustment that is filed at a predetermined frequency, typically annually, with the FERC and is subject to regulatory review before new rates go into effect. Other such costs under regulatory tracking mechanisms include third-party pipeline transportation, electric compression, certain environmental related expenses, and certain operational purchases and sales of natural gas.

Electric Operations Regulatory Matters

Significant Rate Developments . On July 19, 2013, NIPSCO filed its electric TDSIC, further discussed above, with the IURC. The filing included the seven-year plan of eligible investments for a total of approximately \$1.1 billion with the majority of the spend occurring in years 2016 through 2020. On February 17, 2014, the IURC issued an order approving NIPSCO's seven-year plan of eligible investments. The Order also granted NIPSCO ratemaking relief associated with the eligible investments through a rate adjustment mechanism. On March 10, 2014, the OUCC filed a Petition for Reconsideration with the IURC, and the IURC denied that Petition for Reconsideration on May 7, 2014. In addition, the NIPSCO Industrial Group and the OUCC have filed Notices of Appeal with the Indiana Court of Appeals in response to the IURC's ruling, which are still pending.

On November 12, 2013, several industrial customers, including INDIEC, filed a complaint at the FERC regarding the 12.38% base ROE used to set the MISO Transmission Owners' transmission rates and requested a reduction in the base ROE to 9.15% . The complaint requested that FERC limit the capital structure of MISO Transmission Owners to no more than 50% common equity for ratemaking purposes and that FERC eliminate incentive adders for membership in a RTO. On October 16, 2014, FERC issued an Order that dismissed the portions of the complaint that challenged Transmission Owner capital structures and incentive adders; set the base ROE for hearing and suspended to allow for settlement; set a refund effective date of November 12, 2013; and directed the parties to the new two-step discounted cash flow methodology established by FERC in Opinion No. 531 in Docket No. EL11-77-001. NIPSCO is unable to estimate the impact of this complaint or the timing of any potential impact at this time.

Cost Recovery and Trackers . A significant portion of NIPSCO's revenue is related to the recovery of fuel costs to generate power and purchased power. These costs are recovered through a FAC, a standard, quarterly, "summary" regulatory proceeding in Indiana.

Certain operating costs of the Electric Operations are significant, recurring in nature, and generally outside the control of NIPSCO. The IURC allows for recovery of such costs via cost tracking mechanisms. Such tracking mechanisms allow for abbreviated regulatory proceedings in order for NIPSCO to implement charges and recover appropriate costs. Tracking mechanisms allow for more timely recovery of such costs as compared with more traditional cost recovery mechanisms. Examples of such mechanisms include electric energy efficiency programs, MISO non-fuel costs and revenues, federally mandated costs, resource capacity charges, and environmental related costs.

NIPSCO has approval from the IURC to recover certain environmental related costs through an ECT. Under the ECT, NIPSCO is permitted to recover (1) AFUDC and a return on the capital investment expended by NIPSCO to implement environmental compliance plan projects through an ECRM and (2) related operation and maintenance and depreciation expenses once the environmental facilities become operational through an EERM. On August 1, 2014, NIPSCO filed ECR-24 which included \$658.4 million of net capital expenditures for the period ended June 30, 2014. An order is expected in the fourth quarter of 2014.

As further discussed above, NIPSCO has approval from the IURC to recover certain costs for transmission and distribution system improvements. On August 28, 2014, NIPSCO filed its electric TDSIC-1 with the IURC for ratemaking and accounting relief associated with the eligible investments, which included \$19.4 million of net capital expenditures for the period ended June 30, 2014. An order is expected in the fourth quarter of 2014.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

7. Fair Value

A. Fair Value Measurements

Recurring Fair Value Measurements. The following tables present financial assets and liabilities measured and recorded at fair value on NiSource's Condensed Consolidated Balance Sheets (unaudited) on a recurring basis and their level within the fair value hierarchy as of September 30, 2014 and December 31, 2013 :

Recurring Fair Value Measurements September 30, 2014 (in millions)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of September 30, 2014
Assets				
Price risk management assets:				
Commodity financial price risk programs	\$ 0.7	\$ —	\$ —	\$ 0.7
Available-for-sale securities	31.6	103.6	—	135.2
Total	\$ 32.3	\$ 103.6	\$ —	\$ 135.9
Liabilities				
Price risk management liabilities:				
Commodity financial price risk programs	\$ 3.5	\$ —	\$ 0.9	\$ 4.4
Total	\$ 3.5	\$ —	\$ 0.9	\$ 4.4

Recurring Fair Value Measurements December 31, 2013 (in millions)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of December 31, 2013
Assets				
Price risk management assets:				
Commodity financial price risk programs	\$ 2.1	\$ —	\$ —	\$ 2.1
Interest rate risk activities	—	21.1	—	21.1
Available-for-sale securities	25.3	96.1	—	121.4
Total	\$ 27.4	\$ 117.2	\$ —	\$ 144.6
Liabilities				
Price risk management liabilities:				
Commodity Financial price risk programs	\$ 1.6	\$ —	\$ 0.1	\$ 1.7
Total	\$ 1.6	\$ —	\$ 0.1	\$ 1.7

Price risk management assets and liabilities include commodity exchange-traded and non-exchange-based derivative contracts. Exchange-traded derivative contracts are based on unadjusted quoted prices in active markets and are classified within Level 1. These financial assets and liabilities are secured with cash on deposit with the exchange; therefore nonperformance risk has not been incorporated into these valuations. Certain non-exchange-traded derivatives are valued using broker or over-the-counter, on-line exchanges. In such cases, these non-exchange-traded derivatives are classified within Level 2. Non-exchange-based derivative instruments include swaps, forwards, and options. In certain instances, these instruments may utilize models to measure fair value. NiSource uses a similar model to value similar instruments. Valuation models utilize various inputs that include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, other observable inputs for the asset or liability, and market-corroborated inputs, i.e., inputs derived principally from or corroborated by observable market data by correlation or other means. Where observable inputs are available for substantially the full term of the asset or liability, the instrument is categorized in Level 2. Certain derivatives trade in less active markets with a lower availability of pricing information and models may be utilized in the valuation. When such inputs have a significant impact on the measurement of fair value, the instrument is categorized in Level 3. Credit risk is considered in the fair value calculation of derivative instruments that are not exchange-traded. Credit exposures are adjusted to reflect collateral agreements which reduce exposures. As of

[Table of Contents](#)ITEM 1. FINANCIAL STATEMENTS (continued)**NiSource Inc.****Notes to Condensed Consolidated Financial Statements (unaudited) (continued)**

September 30, 2014 and December 31, 2013 , there were no material transfers between fair value hierarchies. Additionally, there were no changes in the method or significant assumptions used to estimate the fair value of NiSource's financial instruments.

At December 31, 2013, price risk management assets also include fixed-to-floating interest rate swaps, which are designated as fair value hedges, as a means to achieve NiSource's targeted level of variable-rate debt as a percent of total debt. NiSource used a calculation of future cash inflows and estimated future outflows related to the swap agreements, which we discounted and netted to determine the current fair value. Additional inputs to the present value calculation include the contract terms, as well as market parameters such as current and projected interest rates and volatility. As they are based on observable data and valuations of similar instruments, the interest rate swaps are categorized in Level 2 in the fair value hierarchy. Credit risk is considered in the fair value calculation of the interest rate swap. On July 15, 2014, \$500.0 million of fixed-to-variable interest rate swaps expired, whereby NiSource Finance received payments based upon a fixed 5.40% interest rate and paid a floating interest rate amount based on U.S. 6-month BBA LIBOR plus an average of 0.78% per annum.

Available-for-sale securities are investments pledged as collateral for trust accounts related to NiSource's wholly-owned insurance company. Available-for-sale securities are included within "Other investments" in the Condensed Consolidated Balance Sheets (unaudited). Securities classified within Level 1 include U.S. Treasury debt securities which are highly liquid and are actively traded in over-the-counter markets. NiSource values corporate and mortgage-backed debt securities using a matrix pricing model that incorporates market-based information. These securities trade less frequently and are classified within Level 2. Total gains and losses from available-for-sale securities are included in other comprehensive income (loss). The amortized cost, gross unrealized gains and losses, and fair value of available-for-sale debt securities at September 30, 2014 and December 31, 2013 were:

September 30, 2014 <i>(in millions)</i>	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale debt securities				
U.S. Treasury	\$ 34.3	\$ 0.2	\$ (0.3)	\$ 34.2
Corporate/Other	101.0	0.9	(0.9)	101.0
Total Available-for-sale debt securities	\$ 135.3	\$ 1.1	\$ (1.2)	\$ 135.2
<hr/>				
December 31, 2013 <i>(in millions)</i>	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale debt securities				
U.S. Treasury	\$ 30.3	\$ 0.3	\$ (0.5)	\$ 30.1
Corporate/Other	91.5	1.1	(1.3)	91.3
Total Available-for-sale debt securities	\$ 121.8	\$ 1.4	\$ (1.8)	\$ 121.4

For the three months ended September 30, 2014 and 2013 , the net realized gain on the sale of available-for-sale U.S. Treasury debt securities was zero and \$0.1 million , respectively. For the three months ended September 30, 2014 and 2013 , the net realized gain on the sale of available-for-sale Corporate/Other bond debt securities was \$0.1 million and zero , respectively.

For the nine months ended September 30, 2014 and 2013 , the net realized gain on the sale of available-for-sale U.S. Treasury debt securities was \$0.1 million and \$0.5 million , respectively. For the nine months ended September 30, 2014 and 2013 , the net realized gain on the sale of available-for-sale Corporate/Other bond debt securities was \$0.3 million .

The cost of maturities sold is based upon specific identification. At September 30, 2014 , approximately \$4.9 million of U.S. Treasury debt securities have maturities of less than a year while the remaining securities have maturities of greater than one year. At September 30, 2014 , approximately \$6.2 million of Corporate/Other bonds have maturities of less than a year while the remaining securities have maturities of greater than one year.

There are no material items in the fair value reconciliation of Level 3 assets and liabilities measured at fair value on a recurring basis for the three and nine months ended September 30, 2014 and 2013 .

Non-recurring Fair Value Measurements. There were no significant non-recurring fair value measurements recorded during the nine months ended September 30, 2014 .

[Table of Contents](#)ITEM 1. FINANCIAL STATEMENTS (continued)**NiSource Inc.****Notes to Condensed Consolidated Financial Statements (unaudited) (continued)**

B. Other Fair Value Disclosures for Financial Instruments. The carrying amount of cash and cash equivalents, restricted cash, notes receivable, customer deposits and short-term borrowings is a reasonable estimate of fair value due to their liquid or short-term nature. NiSource's long-term borrowings are recorded at historical amounts.

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate fair value.

Long-term Debt. The fair values of these securities are estimated based on the quoted market prices for the same or similar issues or on the rates offered for securities of the same remaining maturities. Certain premium costs associated with the early settlement of long-term debt are not taken into consideration in determining fair value. These fair value measurements are classified as Level 2 within the fair value hierarchy. For the nine months ended September 30, 2014 and 2013, there were no changes in the method or significant assumptions used to estimate the fair value of the financial instruments.

The carrying amount and estimated fair values of financial instruments were as follows:

<i>(in millions)</i>	Carrying Amount as of September 30, 2014	Estimated Fair Value as of September 30, 2014	Carrying Amount as of Dec. 31, 2013	Estimated Fair Value as of Dec. 31, 2013
Long-term debt (including current portion)	\$ 8,416.1	\$ 9,338.2	\$ 8,135.3	\$ 8,697.3

8. Transfers of Financial Assets

Transfers of accounts receivable are accounted for as secured borrowings resulting in the recognition of short-term borrowings on the Condensed Consolidated Balance Sheets (unaudited). The maximum amount of debt that can be recognized related to NiSource's accounts receivable programs is \$515 million.

All accounts receivables sold to the commercial paper conduits are valued at face value, which approximates fair value due to their short-term nature. The amount of the undivided percentage ownership interest in the accounts receivables sold is determined in part by required loss reserves under the agreements. Below is information about the accounts receivable securitization agreements entered into by NiSource's subsidiaries.

Columbia of Ohio is under an agreement to sell, without recourse, substantially all of its trade receivables, as they originate, to CGORC, a wholly-owned subsidiary of Columbia of Ohio. CGORC, in turn, is party to an agreement with BTMU and BNS under the terms of which it sells an undivided percentage ownership interest in its accounts receivable to commercial paper conduits sponsored by BTMU and BNS. This agreement was last renewed on October 17, 2014. The maximum seasonal program limit under the terms of the current agreement is \$240 million. The current agreement expires on October 16, 2015, and can be further renewed if mutually agreed to by all parties. As of September 30, 2014, \$70.8 million of accounts receivable had been transferred by CGORC. CGORC is a separate corporate entity from NiSource and Columbia of Ohio, with its own separate obligations, and upon a liquidation of CGORC, CGORC's obligations must be satisfied out of CGORC's assets prior to any value becoming available to CGORC's stockholder.

NIPSCO is under an agreement to sell, without recourse, substantially all of its trade receivables, as they originate, to NARC, a wholly-owned subsidiary of NIPSCO. NARC, in turn, is party to an agreement with PNC and Mizuho under the terms of which it sells an undivided percentage ownership interest in its accounts receivable to commercial paper conduits sponsored by PNC and Mizuho. This agreement was last renewed on August 27, 2014. The maximum seasonal program limit under the terms of the current agreement is \$200 million. The current agreement expires on August 26, 2015, and can be further renewed if mutually agreed to by all parties. As of September 30, 2014, \$125.0 million of accounts receivable had been transferred by NARC. NARC is a separate corporate entity from NiSource and NIPSCO, with its own separate obligations, and upon a liquidation of NARC, NARC's obligations must be satisfied out of NARC's assets prior to any value becoming available to NARC's stockholder.

Columbia of Pennsylvania is under an agreement to sell, without recourse, substantially all of its trade receivables, as they originate, to CPRC, a wholly-owned subsidiary of Columbia of Pennsylvania. CPRC, in turn, is party to an agreement with BTMU under the terms of which it sells an undivided percentage ownership interest in its accounts receivable to a commercial paper conduit sponsored by BTMU. The maximum seasonal program limit under the terms of the agreement is \$75 million. The agreement with BTMU was renewed on March 11, 2014, having a current scheduled termination date of March 10, 2015, and can be further renewed if mutually agreed to by both parties. As of September 30, 2014, \$10.0 million of accounts receivable had been transferred

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

by CPRC. CPRC is a separate corporate entity from NiSource and Columbia of Pennsylvania, with its own separate obligations, and upon a liquidation of CPRC, CPRC's obligations must be satisfied out of CPRC's assets prior to any value becoming available to CPRC's stockholder.

The following table reflects the gross and net receivables transferred as well as short-term borrowings related to the securitization transactions as of September 30, 2014 and December 31, 2013 for Columbia of Ohio, NIPSCO and Columbia of Pennsylvania:

<i>(in millions)</i>	September 30, 2014		December 31, 2013	
Gross Receivables	\$	374.0	\$	610.9
Less: Receivables not transferred		168.2		345.8
Net receivables transferred	\$	205.8	\$	265.1
Short-term debt due to asset securitization	\$	205.8	\$	265.1

Columbia of Ohio, NIPSCO and Columbia of Pennsylvania remain responsible for collecting on the receivables securitized and the receivables cannot be sold to another party.

9. Goodwill

NiSource tests its goodwill for impairment annually as of May 1 unless indicators, events, or circumstances would require an immediate review. Goodwill is tested for impairment using financial information at the reporting unit level, which is consistent with the level of discrete financial information reviewed by operating segment management. NiSource's three reporting units are Columbia Distribution Operations, Columbia Transmission Operations and NIPSCO Gas Distribution Operations.

NiSource's goodwill assets as of September 30, 2014 were \$3.7 billion pertaining primarily to the acquisition of Columbia on November 1, 2000. Of this amount, approximately \$2.0 billion is allocated to Columbia Transmission Operations and \$1.7 billion is allocated to Columbia Distribution Operations. In addition, NIPSCO Gas Distribution Operations' goodwill assets of \$17.8 million at September 30, 2014 relate to the purchase of Northern Indiana Fuel and Light in March 1993 and Kokomo Gas in February 1992.

NiSource completed a quantitative ("step 1") fair value measurement of its reporting units during the May 1, 2012 goodwill test. The test indicated that the fair value of each of the reporting units that carry or are allocated goodwill substantially exceeded their carrying values, indicating that no impairment existed.

ASU 2011-08 allows entities testing goodwill for impairment the option of performing a qualitative ("step 0") assessment before calculating the fair value of a reporting unit for the goodwill impairment test. If a step 0 assessment is performed, an entity is no longer required to calculate the fair value of a reporting unit unless the entity determines that, based on that assessment, it is more likely than not that its fair value is less than its carrying amount.

NiSource applied the qualitative step 0 analysis to its reporting units for the annual impairment test performed as of May 1, 2014. For the current year test, NiSource assessed various assumptions, events and circumstances that would have affected the estimated fair value of the reporting units as compared to its base line May 1, 2012 step 1 fair value measurement. The results of this assessment indicated that it is not more likely than not that its reporting unit fair values are less than the reporting unit carrying values.

NiSource considered whether there were any events or changes in circumstances subsequent to the annual test that would reduce the fair value of any of the reporting units below their carrying amounts and necessitate another goodwill impairment test. No such indicators were noted that would require a subsequent goodwill impairment testing during the third quarter.

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

10. Income Taxes

NiSource's interim effective tax rates reflect the estimated annual effective tax rates for 2014 and 2013, adjusted for tax expense associated with certain discrete items. The effective tax rates for the three months ended September 30, 2014 and 2013 were 45.1% and 36.0%, respectively. The effective tax rate for the nine months ended September 30, 2014 and 2013 were 37.7% and 34.7%, respectively. These effective tax rates differ from the Federal tax rate of 35% primarily due to the effects of tax credits, state income taxes, utility ratemaking, and other permanent book-to-tax differences.

The increase in the three month effective tax rate of 9.1% in 2014 versus 2013 is primarily due to a change in the estimated annual effective tax rate due to a revision in estimated nontaxable income during the third quarter of 2014. The increase in the year-to-date effective tax rate of 3.0% is primarily due to the impact of the Indiana tax rate change, see below for further information, and deferred tax adjustments recorded in 2013 related to state apportionment changes.

On March 25, 2014, the governor of Indiana signed into law Senate Bill 1, which among other things, lowers the corporate income tax rate from 6.5% to 4.9% over six years beginning on July 1, 2015. The reduction in the tax rate will impact deferred income taxes and tax related regulatory assets and liabilities recoverable in the ratemaking process. In addition, other deferred tax assets and liabilities, primarily deferred tax assets related to the Indiana net operating loss carry forward, will be reduced to reflect the lower rate at which these temporary differences and tax benefits will be realized. In the first quarter of 2014, NiSource recorded tax expense of \$7.1 million to reflect the effect of this rate change. This expense is largely attributable to the remeasurement of the Indiana net operating loss at the 4.9% rate. The majority of NiSource's tax temporary differences are related to NIPSCO's utility plant. The remeasurement of these temporary differences at 4.9% was recorded as a reduction of a regulatory asset.

There were no material changes recorded in 2014 to NiSource's uncertain tax positions as of December 31, 2013.

11. Pension and Other Postretirement Benefits

NiSource provides defined contribution plans and noncontributory defined benefit retirement plans that cover its employees. Benefits under the defined benefit retirement plans reflect the employees' compensation, years of service and age at retirement. Additionally, NiSource provides health care and life insurance benefits for certain retired employees. The majority of employees may become eligible for these benefits if they reach retirement age while working for NiSource. The expected cost of such benefits is accrued during the employees' years of service. Current rates of rate-regulated companies include postretirement benefit costs, including amortization of the regulatory assets that arose prior to inclusion of these costs in rates. For most plans, cash contributions are remitted to grantor trusts.

For the nine months ended September 30, 2014, NiSource has contributed \$35.3 million to its pension plans and \$29.3 million to its other postretirement benefit plans.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

The following tables provide the components of the plans' net periodic benefits cost for the three and nine months ended September 30, 2014 and 2013 :

Three Months Ended September 30, <i>(in millions)</i>	Pension Benefits		Other Postretirement Benefits	
	2014	2013	2014	2013
Components of Net Periodic Benefit Cost				
Service cost	\$ 8.7	\$ 9.0	\$ 2.0	\$ 3.0
Interest cost	27.2	24.9	7.0	8.0
Expected return on assets	(45.3)	(42.0)	(9.3)	(7.6)
Amortization of transition obligation	—	—	—	0.2
Amortization of prior service cost (credit)	0.1	—	(1.4)	(0.2)
Recognized actuarial loss	11.9	18.9	0.2	2.8
Settlement loss	—	4.0	—	—
Total Net Periodic Benefit Cost (Credit)	\$ 2.6	\$ 14.8	\$ (1.5)	\$ 6.2

Nine Months Ended September 30, <i>(in millions)</i>	Pension Benefits		Other Postretirement Benefits	
	2014	2013	2014	2013
Components of Net Periodic Benefit Cost				
Service cost	\$ 26.1	\$ 27.7	\$ 6.5	\$ 9.0
Interest cost	81.8	73.5	23.0	24.2
Expected return on assets	(135.9)	(126.5)	(27.5)	(22.8)
Amortization of transition obligation	—	—	—	0.4
Amortization of prior service cost (credit)	0.1	0.2	(2.9)	(0.6)
Recognized actuarial loss	35.7	59.3	0.3	8.4
Settlement loss	—	28.3	—	—
Total Net Periodic Benefit Cost (Credit)	\$ 7.8	\$ 62.5	\$ (0.6)	\$ 18.6

In 2013, NiSource pension plans had lump sum payouts exceeding the plans' 2013 service cost plus interest cost and, therefore, settlement accounting was required.

12. Variable Interests and Variable Interest Entities

In general, a VIE is an entity that (1) has an insufficient amount of at-risk equity to permit the entity to finance its activities without additional financial subordinated support provided by any parties, (2) whose at-risk equity owners, as a group, do not have power, through voting rights or similar rights, to direct activities of the entity that most significantly impact the entity's economic performance or (3) whose at-risk owners do not absorb the entity's losses or receive the entity's residual return. A VIE is required to be consolidated by a company if that company is determined to be the primary beneficiary of the VIE.

NiSource consolidates those VIEs for which it is the primary beneficiary. NiSource considers quantitative and qualitative elements in determining the primary beneficiary. Qualitative measures include the ability to control an entity and the obligation to absorb losses or the right to receive benefits.

NiSource's analysis includes an assessment of guarantees, operating leases, purchase agreements, and other contracts, as well as its investments and joint ventures. For items that have been identified as variable interests, or where there is involvement with an identified VIE, an in-depth review of the relationship between the relevant entities and NiSource is made to evaluate qualitative and quantitative factors to determine the primary beneficiary, if any, and whether additional disclosures would be required under the current standard.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

NIPSCO has a service agreement with Pure Air, a general partnership between Air Products and Chemicals, Inc. and First Air Partners LP, under which Pure Air provides scrubber services to reduce sulfur dioxide emissions for Units 7 and 8 at the Bailly Generating Station. NiSource has made an exhaustive effort to obtain information needed from Pure Air to determine the status of Pure Air as a VIE. However, NIPSCO has not been able to obtain this information and, as a result, it is unclear whether Pure Air is a VIE and if NIPSCO is the primary beneficiary. NIPSCO will continue to request the information required to determine whether Pure Air is a VIE. NIPSCO has no exposure to loss related to the service agreement with Pure Air and payments under this agreement were \$17.0 million and \$17.1 million for the nine months ended September 30, 2014 and 2013, respectively.

13. Long-Term Debt

On August 20, 2014, NiSource Finance negotiated a \$750.0 million three-year bank term loan with a syndicate of banks which carries a floating interest rate of BBA LIBOR plus 100 basis points.

On July 15, 2014, NiSource Finance redeemed \$500.0 million of 5.40% senior unsecured notes at maturity.

14. Short-Term Borrowings

NiSource Finance maintains a \$2.0 billion revolving credit facility with a syndicate of banks led by Barclays Capital with a termination date of September 28, 2018. The purpose of the facility is to fund ongoing working capital requirements including the provision of liquidity support for NiSource's \$1.5 billion commercial paper program, provide for issuance of letters of credit, and also for general corporate purposes. At September 30, 2014, NiSource had no outstanding borrowings under this facility.

NiSource Finance's commercial paper program has a program limit of up to \$1.5 billion with a dealer group comprised of Barclays, Citigroup, Credit Suisse, RBS and Wells Fargo. Commercial paper issuances are supported by available capacity under NiSource's \$2.0 billion unsecured revolving credit facility. At September 30, 2014, NiSource had \$1,105.3 million of commercial paper outstanding.

As of September 30, 2014, NiSource had \$31.2 million of stand-by letters of credit outstanding of which \$15.0 million were under the revolving credit facility. At December 31, 2013, NiSource had \$31.6 million of stand-by letters of credit outstanding of which \$14.3 million were under the revolving credit facility.

Transfers of accounts receivable are accounted for as secured borrowings resulting in the recognition of short-term debt on the Condensed Consolidated Balance Sheets (unaudited) in the amount of \$205.8 million and \$265.1 million as of September 30, 2014 and December 31, 2013, respectively. Refer to Note 8, "Transfers of Financial Assets," for additional information.

<i>(in millions)</i>	September 30, 2014	December 31, 2013
Commercial Paper weighted average interest rate of 0.67% and 0.70% at September 30, 2014 and December 31, 2013, respectively.	\$ 1,105.3	\$ 433.6
Accounts receivable securitization facility borrowings	205.8	265.1
Total Short-Term Borrowings	\$ 1,311.1	\$ 698.7

Given their turnover is less than 90 days, cash flows related to the borrowings and repayments of the items listed above are presented net in the Condensed Statements of Consolidated Cash Flows (unaudited).

15. Share-Based Compensation

The stockholders approved and adopted the NiSource Inc. 2010 Omnibus Incentive Plan (the "Omnibus Plan"), at the Annual Meeting of Stockholders held on May 11, 2010. The Omnibus Plan provides for awards to employees and non-employee directors of incentive and nonqualified stock options, stock appreciation rights, restricted stock and restricted stock units, performance shares, performance units, cash-based awards and other stock-based awards. The Omnibus Plan provides that the number of shares of common stock of NiSource available for awards is 8,000,000 plus the number of shares subject to outstanding awards granted under either the 1994 Plan (defined below) or the Director Stock Incentive Plan ("Director Plan") that expire or terminate for any reason. No further awards are permitted to be granted under the 1994 Plan or the Director Plan. At September 30, 2014, there were 6,260,962 shares reserved for future awards under the Omnibus Plan.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

Prior to May 11, 2010, NiSource issued long-term equity incentive grants to key management employees under a long-term incentive plan approved by stockholders on April 13, 1994 (“1994 Plan”). The types of equity awards previously authorized under the 1994 Plan did not significantly differ from those permitted under the Omnibus Plan.

NiSource recognized stock-based employee compensation expense of \$16.3 million and \$8.8 million for the three months ended September 30, 2014 and 2013 , respectively, as well as related tax benefits of \$5.4 million and \$3.2 million , respectively. For the nine months ended September 30, 2014 and 2013 , stock-based employee compensation expense of \$27.3 million and \$17.5 million was recognized, respectively, as well as related tax benefit of \$10.1 million and \$6.1 million , respectively.

As of September 30, 2014 , the total remaining unrecognized compensation cost related to nonvested awards amounted to \$26.8 million , which will be amortized over the weighted-average remaining requisite service period of 2.2 years .

Stock Options. As of September 30, 2014 , approximately 0.1 million options were outstanding and exercisable with a weighted average strike price of \$22.62 . No options were granted during the nine months ended September 30, 2014 and 2013 . As of September 30, 2014 , the aggregate intrinsic value for the options outstanding and exercisable was \$2.0 million . During the nine months ended September 30, 2014 and 2013 , cash received from the exercise of options was \$6.8 million and \$22.6 million , respectively.

Restricted Stock Units and Restricted Stock. During the nine months ended September 30, 2014 , NiSource granted 148,133 restricted stock units and shares of restricted stock, subject to service conditions. The total grant date fair value of restricted stock units and shares of restricted stock was \$4.8 million , based on the average market price of NiSource’s common stock at the date of each grant less the present value of any dividends not received during the vesting period, which will be expensed, net of forfeitures, over the vesting period which is generally three years. As of September 30, 2014 , 309,829 nonvested (all of which are expected to vest) restricted stock units and shares of restricted stock were granted and outstanding.

Performance Shares. During the nine months ended September 30, 2014 , NiSource granted 535,037 performance shares subject to service and performance conditions. The grant date fair value of the awards was \$16.6 million , based on the average market price of NiSource’s common stock at the date of each grant less the present value of dividends not received during the vesting period which will be expensed, net of forfeitures, over the three year requisite service and performance period. As of September 30, 2014 , 1,735,551 nonvested performance shares were granted and outstanding.

401(k) Match, Profit Sharing and Company Contribution. NiSource has a voluntary 401(k) savings plan covering eligible employees that allows for periodic discretionary matches as a percentage of each participant’s contributions payable in shares of common stock. NiSource also has a retirement savings plan that provides for discretionary profit sharing contributions payable in shares of common stock to eligible employees based on earnings results; and eligible exempt employees hired after January 1, 2010, receive a non-elective company contribution of three percent of eligible pay payable in shares of common stock. For the quarters ended September 30, 2014 and 2013 , NiSource recognized 401 (k) match, profit sharing and non-elective contribution expense of \$10.5 million and \$7.9 million , respectively. For the nine months ended September 30, 2014 and 2013 , NiSource recognized 401(k) match, profit sharing and non-elective contribution expenses of \$27.4 million and \$22.2 million , respectively.

[Table of Contents](#)ITEM 1. FINANCIAL STATEMENTS (continued)**NiSource Inc.****Notes to Condensed Consolidated Financial Statements (unaudited) (continued)****16. Other Commitments and Contingencies**

A. Guarantees and Indemnities. As a part of normal business, NiSource and certain subsidiaries enter into various agreements providing financial or performance assurance to third parties on behalf of certain subsidiaries. Such agreements include guarantees and stand-by letters of credit. These agreements are entered into primarily to support or enhance the creditworthiness otherwise attributed to a subsidiary on a stand-alone basis, thereby facilitating the extension of sufficient credit to accomplish the subsidiaries' intended commercial purposes. The total guarantees and indemnities in existence at September 30, 2014 and the years in which they expire were:

<i>(in millions)</i>	Total	2014	2015	2016	2017	2018	After
Guarantees of subsidiaries debt	\$ 7,960.5	\$ —	\$ 230.0	\$ 616.5	\$ 1,257.0	\$ 800.0	\$ 5,057.0
Accounts receivable securitization	205.8	205.8	—	—	—	—	—
Lines of credit	1,105.3	1,105.3	—	—	—	—	—
Letters of credit	31.2	—	31.2	—	—	—	—
Other guarantees	142.4	7.4	29.5	—	—	—	105.5
Total commercial commitments	\$ 9,445.2	\$ 1,318.5	\$ 290.7	\$ 616.5	\$ 1,257.0	\$ 800.0	\$ 5,162.5

Guarantees of Subsidiaries Debt. NiSource has guaranteed the payment of \$8.0 billion of debt for various wholly-owned subsidiaries including NiSource Finance and Columbia of Massachusetts, and through a support agreement, Capital Markets, which is reflected on NiSource's Condensed Consolidated Balance Sheets (unaudited). The subsidiaries are required to comply with certain covenants under the debt indenture and in the event of default, NiSource would be obligated to pay the debt's principal and related interest. NiSource does not anticipate its subsidiaries will have any difficulty maintaining compliance. On October 3, 2011, NiSource executed a Second Supplemental Indenture to the original Columbia of Massachusetts Indenture dated April 1, 1991, for the specific purpose of guaranteeing Columbia of Massachusetts' outstanding medium-term notes.

Lines and Letters of Credit and Accounts Receivable Advances. NiSource Finance maintains a \$2.0 billion revolving credit facility with a syndicate of banks led by Barclays Capital with a termination date of September 28, 2018. The purpose of the facility is to fund ongoing working capital requirements including the provision of liquidity support for NiSource's \$1.5 billion commercial paper program, provide for the issuance of letters of credit, and also for general corporate purposes. At September 30, 2014, NiSource had no borrowings under its five-year revolving credit facility, \$1,105.3 million in commercial paper outstanding and \$205.8 million outstanding under its accounts receivable securitization agreements. At September 30, 2014, NiSource issued stand-by letters of credit of approximately \$31.2 million for the benefit of third parties. See Note 14, "Short-Term Borrowings," for additional information.

Other Guarantees or Obligations. NiSource has additional purchase and sales agreement guarantees totaling \$25.6 million, which guarantee performance of the seller's covenants, agreements, obligations, liabilities, representations and warranties under the agreements. No amounts related to the purchase and sales agreement guarantees are reflected in the Condensed Consolidated Balance Sheets (unaudited). Management believes that the likelihood NiSource would be required to perform or otherwise incur any significant losses associated with any of the aforementioned guarantees is remote.

NiSource has on deposit a letter of credit with Union Bank, N.A., Collateral Agent, in a debt service reserve account in association with Millennium's notes as required under the Deposit and Disbursement Agreement that governs the Millennium notes. This account is to be drawn upon by the note holders in the event that Millennium is delinquent on its principal and interest payments. The value of NiSource's letter of credit represents 47.5% (NiSource's ownership percentage in Millennium) of the debt service reserve account requirement, or \$16.2 million. The total exposure for NiSource is \$16.2 million. NiSource has an accrued liability of \$1.5 million related to the inception date fair value of this guarantee as of September 30, 2014.

NiSource has issued other guarantees supporting derivative related payments associated with operating leases for many of its subsidiaries and for other agreements entered into by its current and former subsidiaries.

B. Other Legal Proceedings. In the normal course of its business, NiSource and its subsidiaries have been named as defendants in various legal proceedings. In the opinion of management, the ultimate disposition of these currently asserted claims will not have a material impact on NiSource's consolidated financial statements.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

C. Environmental Matters. NiSource operations are subject to environmental statutes and regulations related to air quality, water quality, hazardous waste and solid waste. NiSource believes that it is in substantial compliance with those environmental regulations currently applicable to its operations and believes that it has all necessary permits to conduct its operations.

It is management's continued intent to address environmental issues in cooperation with regulatory authorities in such a manner as to achieve mutually acceptable compliance plans. However, there can be no assurance that fines and penalties will not be incurred. Management expects a significant portion of environmental assessment and remediation costs to be recoverable through rates for certain NiSource companies.

As of September 30, 2014 and December 31, 2013, NiSource had recorded an accrual of approximately \$130.9 million and \$143.9 million, respectively, to cover environmental remediation at various sites. The current portion of this accrual is included in "Legal and environmental" in the Condensed Consolidated Balance Sheets (unaudited). The noncurrent portion is included in "Other noncurrent liabilities" in the Condensed Consolidated Balance Sheets (unaudited). NiSource accrues for costs associated with environmental remediation obligations when the incurrence of such costs is probable and the amounts can be reasonably estimated. The original estimates for cleanup can differ materially from the amount ultimately expended. The actual future expenditures depend on many factors, including currently enacted laws and regulations, the nature and extent of contamination, the method of cleanup, and the availability of cost recovery from customers. These expenditures are not currently estimable at some sites. NiSource periodically adjusts its accrual as information is collected and estimates become more refined.

Air

The actions listed below could require further reductions in emissions from various emission sources. NiSource will continue to closely monitor developments in these matters.

Climate Change. On June 2, 2014, the EPA proposed a GHG performance standard for existing fossil-fuel fired electric generating units under section 111(d) of the Clean Air Act. The proposed rule establishes state-specific CO₂ emission rate goals and requires each state to submit a plan indicating how the generating units within the state will meet the EPA's emission rate goal. Final CO₂ emission rate standards are expected to be set by the EPA in June 2015, and state plans are required to be submitted to the EPA as early as June 2016. The cost to comply with this rule will depend on a number of factors, including the requirements of the final federal regulation and the level of NIPSCO's required GHG reductions. It is possible that this new rule, comprehensive federal or state GHG legislation, or other GHG regulation could result in additional expense or compliance costs that could materially impact NiSource's financial results.

National Ambient Air Quality Standards. The CAA requires the EPA to set NAAQS for particulate matter and five other pollutants considered harmful to public health and the environment. Periodically the EPA imposes new or modifies existing NAAQS. States that contain areas that do not meet the new or revised standards must take steps to maintain or achieve compliance with the standards. These steps could include additional pollution controls on boilers, engines, turbines, and other facilities owned by electric generation, gas distribution, and gas transmission operations.

The following NAAQS were recently added or modified:

Particulate Matter: In December 2009, the EPA issued area designations for the 2006 24-hour PM_{2.5} standard, and several counties in which NiSource operates were designated as non-attainment. In addition, a final rule was promulgated in December 2012 that lowered the annual PM_{2.5} standard from 15 to 12 µg/m³. NiSource will continue to monitor these matters and cannot estimate their impact at this time.

Ozone (eight hour): On September 2, 2011, the EPA announced it would implement its 2008 eight-hour ozone NAAQS rather than tightening the standard in 2012. The EPA will review, and possibly propose a new standard in 2014. In addition, the EPA has designated the Chicago metropolitan area, including the area in which NIPSCO operates one of its electric generation facilities, as non-attainment for ozone. NiSource will continue to monitor this matter and cannot estimate the impact of any new rules at this time.

Nitrogen Dioxide (NO₂): The EPA revised the NO₂ NAAQS by adding a one-hour standard while retaining the annual standard. The new standard could impact some NiSource combustion sources. The EPA designated all areas of the country as unclassifiable/attainment in January 2012. After the establishment of a new monitoring network and possible modeling implementation, areas will potentially be re-designated sometime in 2016. States with areas that do not meet the standard will be required to develop rules to bring areas into compliance within five years of designation. Additionally, under certain permitting circumstances emissions

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

from some existing NiSource combustion sources may need to be assessed and mitigated. NiSource will continue to monitor this matter and cannot estimate the impact of these rules at this time.

Waste

NiSource subsidiaries are potentially responsible parties at waste disposal sites under the CERCLA (commonly known as Superfund) and similar state laws. Additionally, a program has been instituted to identify and investigate former MGP sites where Gas Distribution Operations subsidiaries or predecessors may have liability. The program has identified 66 such sites where liability is probable. Remedial actions at many of these sites are being overseen by state or federal environmental agencies through consent agreements or voluntary remediation agreements.

NiSource utilizes a probabilistic model to estimate its future remediation costs related to its MGP sites. The model was prepared with the assistance of a third party and incorporates NiSource and general industry experience with remediating MGP sites. NiSource completes an annual refresh of the model in the second quarter of each fiscal year. No material changes to the estimated liability were noted as a result of the refresh completed as of June 30, 2014. The total estimated liability at NiSource related to the facilities subject to remediation was \$122.8 million and \$129.5 million at September 30, 2014 and December 31, 2013, respectively. The liability represents NiSource's best estimate of the probable cost to remediate the facilities. NiSource believes that it is reasonably possible that remediation costs could vary by as much as \$25 million in addition to the costs noted above. Remediation costs are estimated based on the best available information, applicable remediation standards at the balance sheet date, and experience with similar facilities.

Additional Issues Related to Individual Business Segments

The sections below describe various regulatory actions that affect Columbia Pipeline Group Operations and Electric Operations.

Columbia Pipeline Group Operations.

Air

In April 2014, the Pennsylvania DEP proposed a rule, *Additional RACT Requirements for Major Sources of NOx and VOCs*, which may require emissions reductions from several Columbia Transmission turbines and reciprocating engines. The rule is expected to be finalized by the end of 2014 and would give facilities three years to bring emissions sources into compliance with the reductions required by this rule. Columbia Transmission will continue to monitor developments in this matter and cannot estimate costs at this time.

Waste

Columbia Transmission continues to conduct characterization and remediation activities at specific sites under a 1995 AOC (subsequently modified in 1996 and 2007). NiSource utilizes a probabilistic model to estimate its future remediation costs related to the 1995 AOC. The model was prepared with the assistance of a third party and incorporates NiSource and general industry experience with remediating sites. NiSource completes an annual refresh of the model in the second quarter of each fiscal year. No material changes to the liability were noted as a result of the refresh completed as of June 30, 2014. The total remaining liability at Columbia Transmission related to the facilities subject to remediation was \$2.8 million and \$8.7 million at September 30, 2014 and December 31, 2013, respectively. The liability represents Columbia Transmission's best estimate of the cost to remediate the facilities or manage the sites. Remediation costs are estimated based on the information available, applicable remediation standards, and experience with similar facilities. Columbia Transmission expects that the remediation for these facilities will be substantially completed in 2015.

Electric Operations.

Air

NIPSCO is subject to a number of new air-quality mandates in the next several years. These mandates require NIPSCO to make capital improvements to its electric generating stations. The cost of capital improvements is estimated to be \$860 million, of which approximately \$155.8 million remains to be spent. This figure includes additional capital improvements associated with the New Source Review Consent Decree and the Utility Mercury and Air Toxics Standards Rule. NIPSCO believes that the capital costs will likely be recoverable from customers.

EPA Cross-State Air Pollution Rule / Clean Air Interstate Rule (CAIR) / Transport Rule: On July 6, 2011, the EPA announced its replacement for the 2005 CAIR to reduce the interstate transport of fine particulate matter and ozone. The CSAPR reduces overall emissions of SO₂ and NO_x by setting state-wide caps on power plant emissions. Implementation of the CSAPR was delayed for

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

several years by litigation, but the EPA recently received permission from a court to begin enforcing CSAPR on January 1, 2015. The EPA's implementation of CSAPR will not significantly impact NIPSCO's current emissions control plans. NIPSCO utilizes the inventory model in accounting for emission allowances issued under the CAIR program whereby these allowances were recognized at zero cost upon receipt from the EPA. NIPSCO believes its current multi-pollutant compliance plan and New Source Review Consent Decree capital investments will allow NIPSCO to meet the emission requirements of CSAPR.

Utility Mercury and Air Toxics Standards Rule: On December 16, 2011, the EPA finalized the MATS rule establishing new emissions limits for mercury and other air toxics. Compliance for NIPSCO's affected units is required by April 2015, or by April 2016 for those affected units that have been approved for a one year compliance extension by IDEM. NIPSCO is implementing an IURC-approved plan for environmental controls to comply with MATS.

New Source Review: On September 29, 2004, the EPA issued an NOV to NIPSCO for alleged violations of the CAA and the Indiana SIP. The NOV alleged that modifications were made to certain boiler units at three of NIPSCO's generating stations between the years 1985 and 1995 without obtaining appropriate air permits for the modifications. NIPSCO, the EPA, the Department of Justice, and IDEM have settled the matter through a consent decree, entered on July 22, 2011.

Water

On August 15, 2014, the EPA published the final Phase II Rule of the Clean Water Act Section 316(b), which requires all large existing steam electric generating stations to meet certain performance standards to reduce the effects on aquatic organisms at their cooling water intake structures. Under this rule, stations will have to either demonstrate that the performance of their existing fish protection systems meet the new standards or develop new systems, such as a closed-cycle cooling tower. The cost to comply will depend on a number of factors, including evaluation of the various compliance options available under the regulation and permitting-related discussions with IDEM. NIPSCO is currently evaluating these options and cannot estimate the cost of compliance at this time.

On June 7, 2013, the EPA published a proposed rule to amend the effluent limitations guidelines and standards for the Steam Electric Power Generating category. These proposed regulations could impose new water treatment requirements on NIPSCO's electric generating facilities. NIPSCO will continue to monitor developments in this matter and cannot estimate the cost of compliance at this time.

Waste

On June 21, 2010, the EPA published a proposed rule for regulation of CCRs. The proposal outlines multiple regulatory approaches that the EPA is considering. These proposed regulations could negatively affect NIPSCO's ongoing byproduct reuse programs and would impose additional requirements on its management of coal combustion residuals. NIPSCO will continue to monitor developments in this matter and cannot estimate the cost of compliance at this time.

D. Other Matters.

Transmission Upgrade Agreements. On February 11, 2014, NIPSCO entered into TUAs with upgrade sponsors to complete upgrades on NIPSCO's transmission system on behalf of those sponsors. The upgrade sponsors have agreed to reimburse NIPSCO for the total cost to construct transmission upgrades and place them into service, which is estimated at \$50.3 million, multiplied by a rate of 1.71 ("the multiplier").

On June 10, 2014, certain upgrade sponsors for both TUAs, filed a complaint at FERC against NIPSCO regarding the multiplier stated in the TUAs. On June 30, 2014, NIPSCO filed an answer defending the terms of the TUAs and the just and reasonable nature of the multiplier charged therein and moved for dismissal of the complaint. NIPSCO will continue to monitor developments in this matter but cannot estimate the impact (if any) on the Condensed Consolidated Financial Statements (unaudited) the complaint will have at this time.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

Springfield, Massachusetts. On November 23, 2012, while Columbia of Massachusetts was investigating the source of an odor of gas at a service location in Springfield, Massachusetts, a gas service line was pierced and an explosion occurred. While this explosion impacted multiple buildings and resulted in several injuries, no life threatening injuries or fatalities have been reported. Columbia of Massachusetts is fully cooperating with both the Massachusetts DPU and the Occupational Safety & Health Administration in their investigations of this incident. Columbia of Massachusetts believes any costs associated with damages, injuries, and other losses related to this incident are substantially covered by insurance. Any amounts not covered by insurance are not expected to have a material impact on NiSource's consolidated financial statements. In accordance with GAAP, NiSource recorded any accruals and the related insurance recoveries resulting from this incident on a gross basis within the Condensed Consolidated Balance Sheets (unaudited).

[Table of Contents](#)ITEM 1. FINANCIAL STATEMENTS (continued)**NiSource Inc.****Notes to Condensed Consolidated Financial Statements (unaudited) (continued)****17. Accumulated Other Comprehensive Loss**

The following tables display the components of Accumulated Other Comprehensive Loss for the three and nine months ended September 30, 2014 and 2013 :

Three Months Ended September 30, 2014 <i>(in millions)</i>	Gains and Losses on Securities ⁽¹⁾	Gains and Losses on Cash Flow Hedges ⁽¹⁾	Pension and OPEB Items ⁽¹⁾	Accumulated Other Comprehensive Loss ⁽¹⁾
Balance as of July 1, 2014	\$ 0.5	\$ (24.5)	\$ (17.4)	\$ (41.4)
Other comprehensive income before reclassifications	(0.5)	—	(0.1)	(0.6)
Amounts reclassified from accumulated other comprehensive income	(0.1)	0.6	(0.1)	0.4
Net current-period other comprehensive (loss) income	(0.6)	0.6	(0.2)	(0.2)
Balance as of September 30, 2014	\$ (0.1)	\$ (23.9)	\$ (17.6)	\$ (41.6)

Nine Months Ended September 30, 2014 <i>(in millions)</i>	Gains and Losses on Securities ⁽¹⁾	Gains and Losses on Cash Flow Hedges ⁽¹⁾	Pension and OPEB Items ⁽¹⁾	Accumulated Other Comprehensive Loss ⁽¹⁾
Balance as of January 1, 2014	\$ (0.3)	\$ (25.8)	\$ (17.5)	\$ (43.6)
Other comprehensive income before reclassifications	0.5	0.1	(0.4)	0.2
Amounts reclassified from accumulated other comprehensive income	(0.3)	1.8	0.3	1.8
Net current-period other comprehensive income (loss)	0.2	1.9	(0.1)	2.0
Balance as of September 30, 2014	\$ (0.1)	\$ (23.9)	\$ (17.6)	\$ (41.6)

Three Months Ended September 30, 2013 <i>(in millions)</i>	Gains and Losses on Securities ⁽¹⁾	Gains and Losses on Cash Flow Hedges ⁽¹⁾	Pension and OPEB Items ⁽¹⁾	Accumulated Other Comprehensive Loss ⁽¹⁾
Balance as of July 1, 2013	\$ (0.7)	\$ (27.2)	\$ (34.1)	\$ (62.0)
Other comprehensive income before reclassifications	1.0	(0.1)	(0.6)	0.3
Amounts reclassified from accumulated other comprehensive income	(0.1)	0.7	0.7	1.3
Net current-period other comprehensive income	0.9	0.6	0.1	1.6
Balance as of September 30, 2013	\$ 0.2	\$ (26.6)	\$ (34.0)	\$ (60.4)

Nine Months Ended September 30, 2013 <i>(in millions)</i>	Gains and Losses on Securities ⁽¹⁾	Gains and Losses on Cash Flow Hedges ⁽¹⁾	Pension and OPEB Items ⁽¹⁾	Accumulated Other Comprehensive Loss ⁽¹⁾
Balance as of January 1, 2013	\$ 2.6	\$ (28.6)	\$ (39.5)	\$ (65.5)
Other comprehensive income before reclassifications	(1.9)	(0.1)	2.6	0.6
Amounts reclassified from accumulated other comprehensive income	(0.5)	2.1	2.9	4.5
Net current-period other comprehensive (loss) income	(2.4)	2.0	5.5	5.1
Balance as of September 30, 2013	\$ 0.2	\$ (26.6)	\$ (34.0)	\$ (60.4)

⁽¹⁾ All amounts are net of tax. Amounts in parentheses indicate debits.

Equity Investment

As Millennium is an equity method investment, NiSource is required to recognize a proportional share of Millennium's OCI. The remaining unrecognized loss at September 30, 2014 of \$16.9 million, net of tax, related to terminated interest rate swaps is being amortized over the period ending June 2025 into earnings using the effective interest method through interest expense as interest payments are made by Millennium. The unrecognized loss of \$16.9 million and \$17.7 million at September 30, 2014 and December 31, 2013, respectively, is included in gains and losses on cash flow hedges above.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

18. Business Segment Information

Operating segments are components of an enterprise for which separate financial information is available and evaluated regularly by the chief operating decision maker in deciding how to allocate resources and assess performance. NiSource's Chief Executive Officer is the chief operating decision maker.

At September 30, 2014, NiSource's operations are divided into three primary business segments. The Gas Distribution Operations segment provides natural gas service and transportation for residential, commercial and industrial customers in Ohio, Pennsylvania, Virginia, Kentucky, Maryland, Indiana and Massachusetts. The Columbia Pipeline Group Operations segment offers gas transportation and storage services for LDCs, marketers and industrial and commercial customers located in northeastern, mid-Atlantic, midwestern and southern states along with unregulated businesses that include midstream services and development of mineral rights positions. The Electric Operations segment provides electric service in 20 counties in the northern part of Indiana.

The following table provides information about business segments. NiSource uses operating income as its primary measurement for each of the reported segments and makes decisions on finance, dividends and taxes at the corporate level on a consolidated basis. Segment revenues include intersegment sales to affiliated subsidiaries, which are eliminated in consolidation. Affiliated sales are recognized on the basis of prevailing market, regulated prices or at levels provided for under contractual agreements. Operating income is derived from revenues and expenses directly associated with each segment.

<i>(in millions)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Revenues				
Gas Distribution Operations				
Unaffiliated	\$ 411.9	\$ 409.5	\$ 2,593.8	\$ 2,126.8
Intersegment	—	—	0.3	0.2
Total	411.9	409.5	2,594.1	2,127.0
Columbia Pipeline Group Operations				
Unaffiliated	285.7	251.3	900.2	752.0
Intersegment	31.9	31.4	106.5	105.9
Total	317.6	282.7	1,006.7	857.9
Electric Operations				
Unaffiliated	424.4	413.6	1,279.9	1,175.9
Intersegment	0.3	0.1	0.6	0.5
Total	424.7	413.7	1,280.5	1,176.4
Corporate and Other				
Unaffiliated	1.9	2.4	5.6	5.8
Intersegment	138.1	119.6	393.8	351.3
Total	140.0	122.0	399.4	357.1
Eliminations	(170.3)	(151.1)	(501.2)	(457.9)
Consolidated Gross Revenues	\$ 1,123.9	\$ 1,076.8	\$ 4,779.5	\$ 4,060.5
Operating Income (Loss)				
Gas Distribution Operations	\$ 0.8	\$ (5.0)	\$ 362.4	\$ 279.1
Columbia Pipeline Group Operations	94.4	98.7	357.0	321.0
Electric Operations	76.9	87.5	218.7	212.2
Corporate and Other	(14.3)	(4.8)	(27.0)	(13.0)
Consolidated Operating Income	\$ 157.8	\$ 176.4	\$ 911.1	\$ 799.3

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

19. Supplemental Cash Flow Information

The following table provides additional information regarding NiSource's Condensed Statements of Consolidated Cash Flows (unaudited) for the nine months ended September 30, 2014 and 2013 :

<i>(in millions)</i>	Nine Months Ended September 30,	
	2014	2013
Supplemental Disclosures of Cash Flow Information		
Non-cash transactions:		
Capital expenditures included in current liabilities	\$ 213.9	\$ 202.7
Assets acquired under a capital lease	69.9	5.7
Schedule of interest and income taxes paid:		
Cash paid for interest, net of interest capitalized amounts	\$ 375.0	\$ 359.4
Cash paid for income taxes	12.2	8.5

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

NiSource Inc.

Note regarding forward-looking statements

The Management's Discussion and Analysis, including statements regarding market risk sensitive instruments, contains "forward-looking statements," within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Investors and prospective investors should understand that many factors govern whether any forward-looking statement contained herein will be or can be realized. Any one of those factors could cause actual results to differ materially from those projected. These forward-looking statements include, but are not limited to, statements concerning NiSource's plans, objectives, expected performance, expenditures, recovery of expenditures through rates, stated on either a consolidated or segment basis, the Proposed Separation, the Columbia Pipeline Partners LP initial public offering and any and all underlying assumptions and other statements that are other than statements of historical fact. From time to time, NiSource may publish or otherwise make available forward-looking statements of this nature. All such subsequent forward-looking statements, whether written or oral and whether made by or on behalf of NiSource, are also expressly qualified by these cautionary statements. All forward-looking statements are based on assumptions that management believes to be reasonable; however, there can be no assurance that actual results will not differ materially.

Factors that could cause actual results to differ materially from the projections, forecasts, estimates and expectations discussed in this Quarterly Report on Form 10-Q include, among other things, weather, fluctuations in supply and demand for energy commodities, growth opportunities for NiSource's businesses, increased competition in deregulated energy markets, the success of regulatory and commercial initiatives, dealings with third parties over whom NiSource has no control, actual operating experience of NiSource's assets, the regulatory process, regulatory and legislative changes, the impact of potential new environmental laws or regulations, the results of material litigation, changes in pension funding requirements, changes in general economic, capital and commodity market conditions, counterparty credit risk, the timing to consummate the Proposed Separation and the Columbia Pipeline Partners LP initial public offering (collectively, the "Proposed Transactions"), the risk that a condition to consummation of a proposed transaction is not satisfied, disruption to operations as a result of the Proposed Transactions, the inability of one or more of the businesses to operate independently following the completion of the Proposed Separation and the matters set forth in the "Risk Factors" section of NiSource's 2013 Form 10-K and this Form 10-Q, many of which are beyond the control of NiSource. In addition, the relative contributions to profitability by each segment, and the assumptions underlying the forward-looking statements relating thereto, may change over time. NiSource expressly disclaims a duty to update any of the forward-looking statements contained in this report.

The following Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with NiSource's Annual Report on Form 10-K for the fiscal year ended December 31, 2013 .

CONSOLIDATED REVIEW

Planned Separation of Columbia Pipeline Group and Initial Public Offering of Columbia Pipeline Partners LP

On September 28, 2014, NiSource announced that its Board of Directors had approved in principle plans to separate its natural gas pipeline and related businesses into a stand-alone publicly traded company (the "Proposed Separation"). If completed, the Proposed Separation will result in two energy infrastructure companies: NiSource Inc., a fully regulated natural gas and electric utilities company, and Columbia Pipeline Group Inc., a natural gas pipeline, midstream and storage company ("CPG"). The Proposed Separation is expected to occur in mid-2015.

Under the plan for the Proposed Separation, NiSource shareholders would retain their current shares of NiSource stock and receive a *pro rata* distribution of shares of CPG stock in a transaction that is expected to be tax-free to NiSource and its shareholders.

The Proposed Separation is subject to various conditions, including, without limitation, the receipt by NiSource of a legal opinion on the tax-free nature of the distribution and final approval of the NiSource Board of Directors. NiSource shareholder approval of the transaction is not required. There is no assurance that the transaction will be completed in mid-2015 or at all.

On September 29, 2014, Columbia Pipeline Partners LP, a wholly owned subsidiary ("CPPL"), filed with the Securities and Exchange Commission a Registration Statement on Form S-1 related to CPPL's proposed initial public offering of common units representing limited partner interests in CPPL. We expect that CPPL will sell a minority share of its total limited partner interests in the offering, which is expected to occur in the first quarter of 2015. If the proposed offering closes, CPPL's initial asset would consist of an approximate 14.6% ownership interest in CPG OpCo LP ("Columbia OpCo"), which is the entity that will own

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(continued)

NiSource Inc.

substantially all of NiSource's natural gas transmission, midstream and storage assets. In addition, NiSource, through its ownership of CPG, would indirectly own (a) the remaining ownership interest in Columbia OpCo, (b) the general partner of CPPL, (c) the remaining CPPL limited partner interests that are not sold in the offering and (d) all the incentive distribution rights in CPPL.

If the Proposed Separation occurs, CPG would no longer be a subsidiary of NiSource and, thus, NiSource would cease to own (a) any interest in Columbia OpCo, (b) the general partner of CPPL, (c) any of the limited partner interests in CPPL or (d) any of the incentive distribution rights in CPPL.

Executive Summary

NiSource (the "Company") is an energy holding company under the Public Utility Holding Company Act of 2005 whose subsidiaries are engaged in the transmission, storage and distribution of natural gas in the high-demand energy corridor stretching from the Gulf Coast through the Midwest to New England and the generation, transmission and distribution of electricity in Indiana. NiSource generates virtually 100% of its operating income through these rate-regulated businesses. A significant portion of NiSource's operations is subject to seasonal fluctuations in sales. During the heating season, which is primarily from November through March, net revenues from gas sales are more significant, and during the cooling season, which is primarily from June through September, net revenues from electric sales and transportation services are more significant, than in other months.

For the nine months ended September 30, 2014, NiSource reported income from continuing operations of \$376.4 million, or \$1.19 per basic share, compared to \$337.9 million, or \$1.08 per basic share reported for the same period in 2013.

The increase in income from continuing operations was due primarily to the following items:

- Regulatory and service programs at Gas Distribution Operations increased net revenues by \$69.9 million primarily due to the impacts of the rate settlement in 2013 at Columbia of Pennsylvania and the implementation of rates under Columbia of Ohio's approved infrastructure replacement program. Refer to Note 8, "Regulatory Matters," to the Consolidated Financial Statements included in NiSource's Annual Report on Form 10-K for the fiscal year ended December 31, 2013 for more information.
- Demand margin revenue increased by \$34.1 million at Columbia Pipeline Group Operations primarily as a result of growth projects placed in service. Refer to the Columbia Pipeline Group Operations' segment discussion for further information on growth projects.
- The Company recognized previously deferred gains of \$20.8 million from the conveyances of mineral interests at Columbia Pipeline Group Operations. As of September 30, 2014, remaining gains of approximately \$21.0 million recorded in "Deferred revenue" on the Condensed Consolidated Balance Sheets (unaudited) will be recognized in earnings upon performance of future obligations.
- Net revenues increased by \$20.6 million as a result of higher industrial usage at Electric Operations primarily due to large industrial customers expanding plant operations and using less internal generation. Refer to the Electric Operations' segment discussion for further information.
- Increased third party drilling activity resulted in an increase in mineral rights royalty revenue at Columbia Pipeline Group Operations of \$20.5 million. The Company expects to invest in excess of \$20 million a year in its mineral rights positions.

These increases to income from continuing operations were partially offset by the following:

- Employee and administrative expense increased by \$55.2 million due primarily to outages and maintenance, greater labor expense due to a growing workforce and reduced payroll capitalization, and IT support and enhancement projects.
- Interest expense increased by \$23.5 million resulting from the issuance of \$500.0 million of long-term debt in October 2013 and the issuance of \$750.0 million of long-term debt in April 2013. These increases were partially offset by the maturity of \$500 million of long-term debt in July 2014 and the maturity of \$420.3 million of long-term debt in March 2013.
- Outside service costs increased by \$22.7 million primarily due to costs associated with the Proposed Separation and Columbia of Pennsylvania's pipeline safety initiatives.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(continued)

NiSource Inc.

- Depreciation and amortization increased \$21.2 million primarily due to higher capital expenditures. NiSource projects 2014 capital expenditures to be approximately \$2.2 billion .

These factors and other impacts to the financial results are discussed in more detail within the following discussions of "Results of Operations" and "Results and Discussion of Segment Operations."

Platform for Growth

NiSource's business plan will continue to center on commercial and regulatory initiatives; commercial growth and expansion of the gas transmission and storage business; financial management of the balance sheet; and cost and process excellence.

Commercial and Regulatory Initiatives

NiSource is moving forward on regulatory initiatives across several distribution company markets. Whether through full rate case filings or other approaches, NiSource's goal is to develop strategies that benefit all stakeholders as it addresses changing customer conservation patterns, develops more contemporary pricing structures, and embarks on long-term investment programs to enhance its infrastructure.

NIPSCO continued to focus on customer service, reliability and long-term growth and modernization initiatives during the third quarter, while executing on significant environmental investments.

- On April 30, 2014, the IURC approved NIPSCO's seven-year, \$710 million, natural gas modernization program, referred to as TDSIC. The program complements the in-progress \$1.1 billion electric TDSIC approved in February 2014, and is addressing system modernization as well as system expansion in certain areas.
- Progress also continued on two major NIPSCO electric transmission projects designed to enhance system flexibility and reliability. Right-of-way acquisition and permitting are underway for both projects. The Greentown-Reynolds project is a 70-mile, 765-kV line being constructed in a joint development agreement with Pioneer Transmission, and the Reynolds-Topeka project is a 100-mile, 345-kV line. The projects involve a NIPSCO investment of approximately \$500 million and are anticipated to be in service by the end of 2018.
- Two remaining FGD projects at NIPSCO's coal-fired electric generating facilities remain on schedule. The FGD investments are part of approximately \$860 million in environmental investments, including water quality and emission-control projects, recently completed and planned at NIPSCO's electric generating facilities. One project is expected to be completed by the end of 2014 and the other by the end of 2015.

NiSource's Gas Distribution companies continue to execute their strategy of long-term infrastructure replacement and enhancement and advance their regulatory agenda.

- On April 30, 2014, Columbia of Virginia filed a rate case with the VSCC to recover investments with a multi-year gas distribution system modernization program. If approved as filed, the case would increase annual revenues by approximately \$24.9 million. The VSCC issued a procedural order in the case on May 28, 2014 which scheduled the case for hearing on December 9, 2014. New rates are subject to refund and became effective October 1, 2014.
- On March 21, 2014, Columbia of Pennsylvania filed a rate case with the Pennsylvania PUC seeking an annual revenue increase of approximately \$54.1 million to support continuation of Columbia of Pennsylvania's ongoing infrastructure modernization program. On September 5, 2014, the parties to the rate case filed a joint petition which seeks approval of a full settlement which features an annual increase of \$32.5 million. On October 17, 2014, the administrative law judge assigned to the case issued a Recommended Decision in which he recommended that the settlement be approved, without modification. A final order from the Pennsylvania PUC is expected in the fourth quarter of 2014.
- On June 26, 2014, Massachusetts Governor Deval Patrick signed into law House Bill 4164, an Act relative to natural gas leaks. The centerpiece of the Bill significantly reduces the lag in recovery associated with priority pipe replacement under Columbia of Massachusetts' current Targeted Infrastructure Reinvestment Factor. Columbia of Massachusetts will make its first filing under the new law on October 31, 2014. Recovery of infrastructure investments made under this program are expected to begin May 1, 2015.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(continued)

NiSource Inc.

Refer to Note 6, "Regulatory Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for a complete discussion of regulatory and commercial matters.

Modernization, Commercial Growth and Expansion of the Columbia Pipeline Group Operations

Columbia Pipeline Group Operations continues to make progress on its long-term infrastructure modernization program, as well as a series of midstream and core growth initiatives tied to NiSource's asset position in the Utica and Marcellus Shale production regions.

- Columbia Transmission is on track with the second year of its long-term system modernization program. The second year of the program includes planned modernization investments of approximately \$330 million. Columbia Transmission and its customers have agreed to the initial five years of the comprehensive modernization program, with an opportunity to mutually extend the agreement. The overall program is expected to last 10 years or more and involves an aggregate investment in excess of \$4 billion.
- In August 2014, Columbia Pipeline Group confirmed details of its planned \$1.75 billion investment in the Leach XPress and Rayne XPress projects. The projects will create a new pathway for delivering natural gas supplies to market, providing transportation capacity of approximately 1.5 Bcf per day for Marcellus and Utica shale gas on the Columbia Transmission system and 1.0 Bcf per day on the Columbia Gulf system. The projects, expected to be placed into service by the end of 2017, include approximately 150 miles of new transmission pipeline and new compression facilities at multiple sites in Ohio and West Virginia.
- The Columbia Pipeline Group Operations segment will invest approximately \$870 million in its WB XPress project. This project will transport approximately 1.3 Bcf of Marcellus Shale production on the Columbia Transmission system to pipeline interconnects and East Coast markets, which includes access to the Cove Point LNG terminal. Resolution of conditions precedent is anticipated in the fourth quarter of 2014. The project is expected to be placed in service during the fourth quarter of 2018.
- NiSource Midstream began work on its \$120 million Washington County Gathering project. The project, anchored by a long-term agreement with a subsidiary of Range Resources Corporation, will consist of gathering pipelines and compression facilities in western Pennsylvania to transport production into a nearby Columbia Transmission pipeline. The project is expected to be in service during the fourth quarter of 2015, with additional expansion expected as gas production grows.
- NiSource Midstream is expanding and optimizing its Big Pine Gathering System to support Marcellus Shale production in Western Pennsylvania by investing \$65 million in facility enhancements to make a connection to the Big Pine pipeline and add compression facilities that will add incremental capacity. The project is expected to be in service during the third quarter of 2015.

Financial Management of the Balance Sheet

On August 20, 2014, NiSource Finance negotiated a \$750.0 million three-year bank term loan with a syndicate of banks which carries a floating interest rate of BBA LIBOR plus 100 basis points.

On July 15, 2014, NiSource Finance redeemed \$500.0 million of 5.40% senior unsecured notes at maturity.

Additionally on July 15, 2014, \$500.0 million of fixed-to-variable interest rate swaps expired, whereby NiSource Finance received payments based upon a fixed 5.40% interest rate and paid a floating interest rate amount based on U.S. 6-month BBA LIBOR plus an average of 0.78% per annum.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(continued)

NiSource Inc.

On September 28, 2014, NiSource announced that its Board of Directors has approved in principle plans to separate its natural gas pipeline and related businesses into a stand-alone publicly traded company whereby NiSource will continue as a fully regulated natural gas and electric utilities company. The separation announcement triggered ratings reviews by Standard & Poor's, Moody's, and Fitch. On September 29, 2014, Standard & Poor's affirmed the senior unsecured ratings for NiSource and the existing ratings of its other rated subsidiaries at BBB- and the NiSource Finance commercial paper rating of A-3, placing the company's ratings on watch positive. On September 29, 2014, Moody's Investors Service affirmed the NiSource senior unsecured rating of Baa2 and commercial paper rating of P-2, with a stable outlook. Additionally, Moody's affirmed NIPSCO's Baa1 rating and affirmed the Baa2 rating for Columbia of Massachusetts. On September 29, 2014, Fitch affirmed the senior unsecured ratings for NiSource at BBB-, and the existing ratings of all other subsidiaries. Fitch's outlook for NiSource and its subsidiaries is stable.

Ethics and Controls

NiSource has had a long-term commitment to providing accurate and complete financial reporting as well as high standards for ethical behavior by its employees. NiSource's senior management takes an active role in the development of this Form 10-Q and the monitoring of the company's internal control structure and performance. In addition, NiSource will continue its mandatory ethics training program for all employees.

Refer to "Controls and Procedures" included in Item 4.

Results of Operations

Quarter Ended September 30, 2014

Net Income

NiSource reported net income of \$31.4 million , or \$0.10 per basic share, for the three months ended September 30, 2014 , compared to net income of \$48.1 million , or \$0.16 per basic share, for the third quarter of 2013 . Income from continuing operations was \$31.5 million , or \$0.10 per basic share, for the three months ended September 30, 2014 , compared to income from continuing operations of \$49.5 million , or \$0.16 per basic share, for the third quarter of 2013 . Operating income was \$157.8 million , a decrease of \$18.6 million from the same period in 2013 . All per share amounts are basic earnings per share. Basic average shares of common stock outstanding at September 30, 2014 were 315.4 million compared to 312.8 million at September 30, 2013 .

Comparability of line item operating results between quarterly periods is impacted by regulatory and tax trackers that allow for the recovery in rates of certain costs such as bad debt expenses. Therefore, increases in these tracked operating expenses are offset by increases in net revenues and have essentially no impact on income from continuing operations.

Net Revenues

Total consolidated net revenues (gross revenues less cost of sales) for the quarter ended September 30, 2014 , were \$893.4 million , a \$59.6 million increase from the same period last year. This increase in net revenues was primarily due to increased Columbia Pipeline Group Operations' net revenues of \$35.0 million, higher Gas Distribution Operations' net revenues of \$19.5 million and increased Electric Operations' net revenues of \$5.7 million.

- Columbia Pipeline Group Operations' net revenues increased primarily due to higher regulatory trackers, which are offset in expense, of \$15.6 million, increased demand margin revenue of \$11.8 million primarily as a result of growth projects placed in service, higher mineral rights royalty revenue of \$5.9 million and increased condensate revenue of \$2.6 million.
- Gas Distribution Operations' net revenues increased primarily due to an increase of \$10.2 million for regulatory and service programs, including the implementation of rates under Columbia of Ohio's approved infrastructure replacement program and the impacts of the rate case at Columbia of Massachusetts. Additionally, there was an increase in net revenues as result of a settlement of \$3.2 million at Columbia of Massachusetts in 2013, increased industrial and commercial usage of \$1.4 million, higher net revenues due to increased margins of \$1.4 million and higher large customer revenue of \$1.3 million.
- Electric Operations' net revenues increased primarily due to higher industrial and residential usage of \$7.4 million, increased trackers, which are offset in expense, of \$4.4 million and an increase in the return on the environmental capital investment recovery of \$4.2 million due to an increased plant balance eligible for recovery. These increases were partially offset by the effects of weather of \$10.3 million.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(continued)

NiSource Inc.

Operating Expenses

Operating expenses for the third quarter of 2014 were \$747.6 million, an increase of \$79.7 million from the 2013 period. This increase was primarily due to higher operation and maintenance expenses of \$60.6 million, increased depreciation and amortization of \$8.5 million and a decrease in the gain on the sale of assets of \$6.9 million. The increase in operation and maintenance expenses was primarily due to increased employee and administrative costs of \$31.7 million, higher regulatory trackers, which are offset in net revenues, of \$18.6 million, increased outside service costs of \$13.4 million, higher electric generation costs of \$3.4 million and increased storm damage costs of \$3.3 million. These increases were partially offset by a decrease in software data conversion costs of \$7.5 million and lower environmental costs of \$3.7 million. The increase in depreciation and amortization is primarily due to higher capital expenditures placed in service. The decrease in the gain on the sale of assets primarily resulted from the sale of storage base gas in 2013.

Equity Earnings in Unconsolidated Affiliates

Equity Earnings in Unconsolidated Affiliates were \$12.0 million during the third quarter of 2014 compared to \$10.5 million for the third quarter of 2013. Equity Earnings in Unconsolidated Affiliates includes investments in Millennium, Hardy Storage and Pennant, which are integral to the Columbia Pipeline Group Operations' business. Equity earnings increased primarily from increased earnings at Millennium attributable to growth projects placed in service.

Other Income (Deductions)

Other Income (Deductions) reduced income by \$100.4 million in the third quarter of 2014 compared to a reduction in income of \$99.0 million in the prior year. The increase in deductions is primarily due to an increase in interest expense of \$5.9 million resulting from the issuance of \$500.0 million of long-term debt in October 2013 and the expiration of \$500.0 million of interest rate swaps in July 2014. These increases were partially offset by the maturity of \$500.0 million of long-term debt in July 2014. Other, net of \$9.2 million was recorded in 2014 compared to \$4.7 million in the prior year. This increase is primarily attributable to current period transmission upgrade agreement income.

Income Taxes

Income tax expense for the quarter ended September 30, 2014 was \$25.9 million compared to \$27.9 million in the prior year. NiSource's interim effective tax rates reflect the estimated annual effective tax rates for 2014 and 2013, adjusted for tax expense associated with certain discrete items. The effective tax rates for the quarters ended September 30, 2014 and 2013 were 45.1% and 36.0%, respectively. These effective tax rates differ from the Federal tax rate of 35% primarily due to the effects of tax credits, state income taxes, utility ratemaking, and other permanent book-to-tax differences. The increase in the three month effective tax rate of 9.1% in 2014 versus 2013 is primarily due to a change in the estimated annual effective tax rate due to a revision in estimated nontaxable income during the third quarter of 2014. Refer to Note 10, "Income Taxes," in the Notes to Condensed Consolidated Financial Statements (unaudited) for further discussion of income taxes.

Results of Operations

Nine Months Ended September 30, 2014

Net Income

NiSource reported net income of \$375.8 million, or \$1.19 per basic share, for the nine months ended September 30, 2014, compared to net income of \$380.3 million, or \$1.22 per basic share, for the nine months ended 2013. Income from continuing operations was \$376.4 million, or \$1.19 per basic share, for the nine months ended September 30, 2014, compared to income from continuing operations of \$337.9 million, or \$1.08 per basic share, for the nine months ended 2013. Operating income was \$911.1 million, an increase of \$111.8 million from the same period in 2013. All per share amounts are basic earnings per share. Basic average shares of common stock outstanding at September 30, 2014 were 314.9 million compared to 312.1 million at September 30, 2013.

Comparability of line item operating results between quarterly periods is impacted by regulatory and tax trackers that allow for the recovery in rates of certain costs such as bad debt expenses. Therefore, increases in these tracked operating expenses are offset by increases in net revenues and have essentially no impact on income from continuing operations.

Net Revenues

Total consolidated net revenues (gross revenues less cost of sales) for the nine months ended September 30, 2014, were \$3,116.0 million, a \$323.8 million increase from the same period last year. This increase in net revenues was primarily due to increased Columbia Pipeline Group Operations' net revenues of \$148.9 million, higher Gas Distribution Operations' net revenues of \$136.9 million, and increased Electric Operations' net revenues of \$38.3 million.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(continued)

NiSource Inc.

- Columbia Pipeline Group Operations' net revenues increased primarily due to higher regulatory trackers, which are offset in expense, of \$87.6 million, increased demand margin revenue of \$34.1 million primarily as a result of growth projects placed in service, higher mineral rights royalty revenue of \$20.5 million due to increased third party drilling activity and higher condensate revenue of \$3.7 million.
- Gas Distribution Operations' net revenues increased primarily due to an increase of \$69.9 million for regulatory and service programs, including the impacts of the rate settlement in 2013 at Columbia of Pennsylvania and the implementation of rates under Columbia of Ohio's approved infrastructure replacement program, the effects of colder weather of \$19.7 million and increased regulatory and tax trackers, which are offset in expense, of \$17.0 million. Additionally, there was higher residential, commercial and industrial usage of \$8.8 million, an increase in off-system sales of \$5.1 million, higher revenue of \$4.9 million due to increased customer count and an increase in large customer revenue of \$4.6 million. Also, there were higher net revenues due to increased margins of \$3.9 million, higher net revenues from the recovery of storage inventory costs of \$3.6 million and a settlement of \$3.2 million at Columbia of Massachusetts in 2013. These increases were partially offset by a decrease of \$5.8 million resulting from NIPSCO's GCIM.
- Electric Operations' net revenues increased primarily due to higher industrial and residential usage of \$21.9 million, an increase in the return on the environmental capital investment recovery of \$17.3 million due to an increased plant balance eligible for recovery. Additionally, there were increased net revenues of \$4.1 million as a result of two electric transmission projects authorized by the MISO and higher off-system sales of \$3.9 million. These increases were partially offset by a decrease in transmission upgrade revenue of \$6.5 million and the effects of weather of \$3.8 million.

Operating Expenses

Operating expenses for the nine months ended September 30, 2014 were \$2,237.8 million, an increase of \$219.3 million from the 2013 period. This increase was primarily due to higher operation and maintenance expenses of \$188.2 million, increased other taxes of \$20.8 million and higher depreciation and amortization of \$19.4 million. These increases were partially offset by an increase in the gain on sale of assets of \$9.1 million. The increase in operation and maintenance expenses was primarily due to increased regulatory trackers, which are offset in net revenues, of \$99.9 million, higher employee and administrative costs of \$55.2 million, increased outside service costs of \$22.7 million, higher electric generation costs of \$14.3 million and an increase of uncollectibles of \$4.5 million. These increases were partially offset by lower software data conversion costs of \$7.5 million and a decrease in environmental costs of \$5.5 million. The increase in other taxes is primarily due to higher property and other taxes of \$13.9 million and increased tax trackers, which are offset in net revenues, of \$6.9 million. The increase in depreciation and amortization is primarily due to higher capital expenditures placed in service. The increase in the gain on sale of assets primarily results from conveyances of mineral interests of \$20.8 million, offset by the sale of storage base gas in 2013 of \$11.1 million at Columbia Pipeline Group Operations.

Equity Earnings in Unconsolidated Affiliates

Equity Earnings in Unconsolidated Affiliates were \$32.9 million during the nine months ended September 30, 2014, compared to \$25.6 million from the 2013 period. Equity Earnings in Unconsolidated Affiliates includes investments in Millennium, Hardy Storage and Pennant, which are integral to the Columbia Pipeline Group Operations' business. Equity earnings increased primarily from increased earnings at Millennium attributable to growth projects placed in service.

Other Income (Deductions)

Other Income (Deductions) reduced income by \$306.6 million for the nine months ended September 30, 2014, compared to a reduction in income of \$282.2 million in the prior year. The increase in deductions is primarily due to an increase in interest expense of \$23.5 million resulting from the issuance of \$500.0 million of long-term debt in October 2013 and the issuance of \$750.0 million of long-term debt in April 2013. These increases were partially offset by the maturity of \$500 million of long-term debt in July 2014 and the maturity of \$420.3 million of long-term debt in March 2013.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(continued)

NiSource Inc.

Income Taxes

Income tax expense for the nine months ended September 30, 2014 was \$228.1 million compared to \$179.2 million in the prior year. NiSource's interim effective tax rates reflect the estimated annual effective tax rates for 2014 and 2013, adjusted for tax expense associated with certain discrete items. The effective tax rates for the nine months ended September 30, 2014 and 2013 were 37.7% and 34.7% , respectively. These effective tax rates differ from the Federal tax rate of 35% primarily due to the effects of tax credits, state income taxes, utility rate-making, and other permanent book-to-tax differences. The increase in the year-to-date effective tax rate of 3.0% is primarily due to the impact of the Indiana tax rate change, and deferred tax adjustments recorded in 2013 related to state apportionment changes. Refer to Note 10, "Income Taxes," in the Notes to Condensed Consolidated Financial Statements (unaudited) for further discussion of income taxes.

Discontinued Operations

There was a net loss of \$0.6 million in the nine months ended September 30, 2014 from discontinued operations compared to net income of \$7.5 million in 2013 . The net income in 2013 relates primarily to a settlement at NiSource's former exploration and production subsidiary, CER. A gain on the disposition of discontinued operations of \$36.4 million was recorded in the first quarter of 2013 as a result of a gain on the sale of the service plan and leasing business lines of NiSource's Retail Services business.

Liquidity and Capital Resources

A significant portion of NiSource's operations, most notably in the gas distribution, gas transportation and electric businesses, are subject to seasonal fluctuations in cash flow. During the heating season, which is primarily from November through March, cash receipts from gas sales and transportation services typically exceed cash requirements. During the summer months, cash on hand, together with the seasonal increase in cash flows from the electric business during the summer cooling season and external short-term and long-term financing, is used to purchase gas to place in storage for heating season deliveries and perform necessary maintenance of facilities. NiSource believes that through income generated from operating activities, amounts available under its short-term revolver, commercial paper program and long-term debt agreements and NiSource's ability to access the capital markets, there is adequate capital available to fund its operating activities and capital expenditures in 2014 .

Operating Activities

Net cash from operating activities for the nine months ended September 30, 2014 was \$886.5 million , a decrease of \$192.1 million compared to the nine months ended September 30, 2013 . The decrease in net cash from operating activities was primarily attributable to an income tax refund received in 2013.

Pension and Other Postretirement Plan Funding. NiSource expects to make contributions of approximately \$38.3 million to its pension plans and approximately \$39.1 million to its other postretirement benefit plans in 2014 , which could change depending on market conditions. For the nine months ended September 30, 2014 , NiSource has contributed \$35.3 million to its pension plans and \$29.3 million to its other postretirement benefit plans.

Investing Activities

NiSource's capital expenditures for the nine months ended September 30, 2014 were \$1,441.7 million , compared to \$1,297.3 million for the comparable period in 2013 . This increased spending is mainly due to continued spending on infrastructure replacement programs in the Gas Distributions Operations segment, higher spending in the Columbia Pipeline Group Operations segment for various growth projects primarily in the Marcellus and Utica Shale areas and for expenditures under its modernization program and increased expenditures in the Electric Operations segment primarily due to TDSIC spend. NiSource projects 2014 capital expenditures to be approximately \$2.2 billion .

Restricted cash was \$16.0 million and \$8.0 million as of September 30, 2014 and December 31, 2013 , respectively.

Contributions to equity investees decreased \$13.3 million primarily due to lower contributions made by Columbia Transmission to Millennium and NiSource Midstream to Pennant. Refer to the Columbia Pipeline Group Operations segment discussion in the Management's Discussion and Analysis of Financial Condition and Results of Operations for information on these contributions.

Financing Activities

Credit Facilities. NiSource Finance maintains a \$2.0 billion revolving credit facility with a syndicate of banks led by Barclays Capital with a termination date of September 28, 2018. The purpose of the facility is to fund ongoing working capital requirements

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(continued)

NiSource Inc.

including the provision of liquidity support for NiSource Finance's \$1.5 billion commercial paper program, provide for issuance of letters of credit, and also for general corporate purposes.

NiSource Finance's commercial paper program has a program limit of up to \$1.5 billion with a dealer group comprised of Barclays, Citigroup, Credit Suisse, RBS and Wells Fargo. Commercial paper issuances are supported by available capacity under NiSource Finance's \$2.0 billion unsecured revolving credit facility.

NiSource Finance had no borrowings outstanding under its revolving credit facility at September 30, 2014 and December 31, 2013 . In addition, NiSource Finance had \$1,105.3 million in commercial paper outstanding at September 30, 2014 , at a weighted average interest rate of 0.67% and \$433.6 million in commercial paper outstanding at December 31, 2013 , at a weighted average interest rate of 0.70% .

As of September 30, 2014 and December 31, 2013 , NiSource had \$205.8 million and \$265.1 million , respectively, of short-term borrowings recorded on the Condensed Consolidated Balance Sheets (unaudited) and cash from financing activities in the same amount relating to its accounts receivable securitization facilities. See Note 8, "Transfers of Financial Assets," to the Condensed Consolidated Financial Statements (unaudited).

As of September 30, 2014 , NiSource had \$31.2 million of stand-by letters of credit outstanding of which \$15.0 million were under the revolving credit facility. At December 31, 2013 , NiSource had \$31.6 million of stand-by letters of credit outstanding of which \$ 14.3 million were under the revolving credit facility.

As of September 30, 2014 , an aggregate of \$879.7 million of credit was available under the credit facility.

Debt Covenants . NiSource is subject to a financial covenant under its revolving credit facility and its three-year term loans, which requires NiSource to maintain a debt to capitalization ratio that does not exceed 70%. A similar covenant in a 2005 private placement note purchase agreement requires NiSource to maintain a debt to capitalization ratio that does not exceed 75%. As of September 30, 2014 , the ratio was 61.8%.

NiSource is also subject to certain other non-financial covenants under the revolving credit facility and the term loans. Such covenants include a limitation on the creation or existence of new liens on NiSource's assets, generally exempting liens on utility assets, purchase money security interests, preexisting security interests and an additional subset of assets equal to \$150 million. An asset sale covenant generally restricts the sale, lease and/or transfer of NiSource's assets to no more than 10% of its consolidated total assets and dispositions for a price not materially less than the fair market value of the assets disposed of that do not impair the ability of NiSource and NiSource Finance to perform obligations under the revolving credit facility, and that, together with all other such dispositions, would not have a material adverse effect. The revolving credit facility and the term loans also include a cross-default provision, which triggers an event of default under the credit facility in the event of an uncured payment default relating to any indebtedness of NiSource or any of its subsidiaries in a principal amount of \$50 million or more.

NiSource's indentures generally do not contain any financial maintenance covenants. However, NiSource's indentures are generally subject to cross-default provisions ranging from uncured payment defaults of \$5 million to \$50 million, and limitations on the incurrence of liens on NiSource's assets, generally exempting liens on utility assets, purchase money security interests, preexisting security interests and an additional subset of assets capped at 10% of NiSource's consolidated net tangible assets.

Sale of Trade Accounts Receivables. Refer to Note 8, "Transfers of Financial Assets," in the Notes to Condensed Consolidated Financial Statements (unaudited) for information on the sale of accounts receivable.

All accounts receivable sold to the commercial paper conduits are valued at face value, which approximates fair value due to their short-term nature. The amount of the undivided percentage ownership interest in the accounts receivables sold is determined, in part, by required loss reserves under the agreements.

Credit Ratings. On September 28, 2014, NiSource announced that its Board of Directors has approved in principle plans to separate its natural gas pipeline and related businesses into a stand-alone publicly traded company whereby NiSource will continue as a fully regulated natural gas and electric utilities company. The separation announcement triggered ratings reviews by Standard & Poor's, Moody's, and Fitch. On September 29, 2014, Standard & Poor's affirmed the senior unsecured ratings for NiSource and the existing ratings of its other rated subsidiaries at BBB- and the NiSource Finance commercial paper rating of A-3, placing the company's ratings on watch positive. On September 29, 2014, Moody's Investors Service affirmed the NiSource senior unsecured rating of Baa2 and commercial paper rating of P-2, with a stable outlook. Additionally, Moody's affirmed NIPSCO's Baa1 rating and affirmed the Baa2 rating for Columbia of Massachusetts. On September 29, 2014, Fitch affirmed the senior

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(continued)

NiSource Inc.

unsecured ratings for NiSource at BBB-, and the existing ratings of its other rated subsidiaries. Fitch's outlook for NiSource and its subsidiaries is stable. Although all ratings continue to be investment grade, a downgrade by either Standard & Poor's or Fitch would result in a rating that is below investment grade.

Certain NiSource affiliates have agreements that contain "ratings triggers" that require increased collateral if the credit ratings of NiSource or certain of its subsidiaries are rated below BBB- by Standard & Poor's or Baa3 by Moody's. These agreements are primarily for insurance purposes and for the physical purchase or sale of power. The collateral requirement that would be required in the event of a downgrade below the ratings trigger levels would amount to approximately \$38.9 million. In addition to agreements with ratings triggers, there are other agreements that contain "adequate assurance" or "material adverse change" provisions that could necessitate additional credit support such as letters of credit and cash collateral to transact business.

Contractual Obligations. There were no material changes recorded during the nine months ended September 30, 2014 to NiSource's contractual obligations as of December 31, 2013.

Market Risk Disclosures

Risk is an inherent part of NiSource's energy businesses. The extent to which NiSource properly and effectively identifies, assesses, monitors and manages each of the various types of risk involved in its businesses is critical to its profitability. NiSource seeks to identify, assess, monitor and manage, in accordance with defined policies and procedures, the following principal market risks that are involved in NiSource's energy businesses: commodity price risk, interest rate risk and credit risk. Risk management at NiSource is a multi-faceted process with oversight by the Risk Management Committee that requires constant communication, judgment and knowledge of specialized products and markets. NiSource's senior management takes an active role in the risk management process and has developed policies and procedures that require specific administrative and business functions to assist in the identification, assessment and control of various risks. These include but are not limited to market, operational, financial, compliance and strategic risk types. In recognition of the increasingly varied and complex nature of the energy business, NiSource's risk management process, policies and procedures continue to evolve and are subject to ongoing review and modification.

Commodity Price Risk

NiSource is exposed to commodity price risk as a result of its subsidiaries' operations involving natural gas and power. To manage this market risk, NiSource's subsidiaries use derivatives, including commodity futures contracts, swaps and options. NiSource is not involved in speculative energy trading activity.

Commodity price risk resulting from derivative activities at NiSource's rate-regulated subsidiaries is limited, since regulations allow recovery of prudently incurred purchased power, fuel and gas costs through the ratemaking process, including gains or losses on these derivative instruments. If states should explore additional regulatory reform, these subsidiaries may begin providing services without the benefit of the traditional ratemaking process and may be more exposed to commodity price risk. Some of NiSource's rate-regulated utility subsidiaries offer commodity price risk products to its customers for which derivatives are used to hedge forecasted customer usage under such products. These subsidiaries do not have regulatory recovery orders for these products and are subject to gains and losses recognized in earnings due to hedge ineffectiveness.

There are no material commodity price risk assets or liabilities as of September 30, 2014 and December 31, 2013.

Interest Rate Risk

NiSource is exposed to interest rate risk as a result of changes in interest rates on borrowings under its revolving credit agreement, term loans, commercial paper program and accounts receivable programs, which have interest rates that are indexed to short-term market interest rates. Based upon average borrowings and debt obligations subject to fluctuations in short-term market interest rates, an increase (or decrease) in short-term interest rates of 100 basis points (1%) would have increased (or decreased) interest expense by \$5.6 million and \$13.6 million for the three and nine months ended September 30, 2014, respectively, and \$3.6 million and \$10.7 million for the three and nine months ended September 30, 2013, respectively.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(continued)

NiSource Inc.

Credit Risk

Due to the nature of the industry, credit risk is embedded in many of NiSource's business activities. NiSource's extension of credit is governed by a Corporate Credit Risk Policy. In addition, Risk Management Committee guidelines are in place which document management approval levels for credit limits, evaluation of creditworthiness, and credit risk mitigation efforts. Exposures to credit risks are monitored by the Corporate Credit Risk function which is independent of commercial operations. Credit risk arises due to the possibility that a customer, supplier or counterparty will not be able or willing to fulfill its obligations on a transaction on or before the settlement date. For derivative related contracts, credit risk arises when counterparties are obligated to deliver or purchase defined commodity units of gas or power to NiSource at a future date per execution of contractual terms and conditions. Exposure to credit risk is measured in terms of both current obligations and the market value of forward positions net of any posted collateral such as cash, letters of credit and qualified guarantees of support.

NiSource closely monitors the financial status of its banking credit providers. NiSource evaluates the financial status of its banking partners through the use of market-based metrics such as credit default swap pricing levels, and also through traditional credit ratings provided by major credit rating agencies.

Fair Value Measurement

NiSource measures certain financial assets and liabilities at fair value. The level of the fair value hierarchy disclosed is based on the lowest level of input that is significant to the fair value measurement. NiSource's financial assets and liabilities include price risk assets and liabilities, available-for-sale securities and a deferred compensation plan obligation.

Exchange-traded derivative contracts are generally based on unadjusted quoted prices in active markets and are classified within Level 1. These financial assets and liabilities are secured with cash on deposit with the exchange; therefore nonperformance risk has not been incorporated into these valuations. Certain non-exchange-traded derivatives are valued using broker or over-the-counter, on-line exchanges. In such cases, these non-exchange-traded derivatives are classified within Level 2. Non-exchange-based derivative instruments include swaps, forwards, and options. In certain instances, NiSource may utilize models to measure fair value. Valuation models utilize various inputs that include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, other observable inputs for the asset or liability, and market-corroborated inputs, i.e., inputs derived principally from or corroborated by observable market data by correlation or other means. Where observable inputs are available for substantially the full term of the asset or liability, the instrument is categorized in Level 2. Certain derivatives trade in less active markets with a lower availability of pricing information and models may be utilized in the valuation. When such inputs have a significant impact on the measurement of fair value, the instrument is categorized in Level 3. Credit risk is considered in the fair value calculation of derivative instruments that are not exchange-traded. Credit exposures are adjusted to reflect collateral agreements which reduce exposures.

Refer to Note 7, "Fair Value" in the Notes to the Condensed Consolidated Financial Statements (unaudited) for additional information on NiSource's fair value measurements.

Off Balance Sheet Arrangements

As a part of normal business, NiSource and certain subsidiaries enter into various agreements providing financial or performance assurance to third parties on behalf of certain subsidiaries. Such agreements include guarantees and stand-by letters of credit.

NiSource has purchase and sales agreement guarantees totaling \$25.6 million, which guarantee performance of the seller's covenants, agreements, obligations, liabilities, representations and warranties under the agreements. No amounts related to the purchase and sales agreement guarantees are reflected in the Condensed Consolidated Balance Sheets (unaudited). Management believes that the likelihood NiSource would be required to perform or otherwise incur any significant losses associated with any of the aforementioned guarantees is remote.

NiSource has other guarantees outstanding. Refer to Note 16-A, "Guarantees and Indemnities," in the Notes to Condensed Consolidated Financial Statements (unaudited) for additional information about NiSource's off balance sheet arrangements.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
(continued)

NiSource Inc.

Other Information

Critical Accounting Policies

There were no significant changes to critical accounting policies for the period ended September 30, 2014 .

Recently Issued Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)* . ASU 2014-09 outlines a single, comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. NiSource is required to adopt ASU 2014-09 for periods beginning after December 15, 2016, including interim periods, and the new standard is to be applied retrospectively with early adoption not permitted. NiSource is currently evaluating the impact the adoption of ASU 2014-09 will have on its Condensed Consolidated Financial Statements (unaudited) and Notes to Condensed Consolidated Financial Statements (unaudited).

In April 2014, the FASB issued ASU 2014-08, *Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360): Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity*. ASU 2014-08 changes the criteria for reporting a discontinued operation. Under the new pronouncement, a disposal of a part of an organization that has a major effect on its operations and financial results is a discontinued operation. NiSource is required to adopt ASU 2014-08 prospectively for all disposals or components of its business classified as held for sale during fiscal periods beginning after December 15, 2014. NiSource is currently evaluating what impact, if any, adoption of ASU 2014-08 will have on its Condensed Consolidated Financial Statements (unaudited) and Notes to Condensed Consolidated Financial Statements (unaudited).

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
(continued)

NiSource Inc.

RESULTS AND DISCUSSION OF SEGMENT OPERATIONS

Presentation of Segment Information

NiSource's operations are divided into three primary business segments: Gas Distribution Operations, Columbia Pipeline Group Operations and Electric Operations.

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ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(continued)

NiSource Inc.

Gas Distribution Operations

<i>(in millions)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Net Revenues				
Sales revenues	\$ 411.9	\$ 409.5	\$ 2,594.1	\$ 2,127.0
Less: Cost of gas sold (excluding depreciation and amortization)	114.6	131.7	1,294.8	964.6
Net Revenues	297.3	277.8	1,299.3	1,162.4
Operating Expenses				
Operation and maintenance	208.8	199.1	644.4	614.6
Depreciation and amortization	55.4	51.1	161.7	149.7
Loss (Gain) on sale of assets	—	1.3	(0.2)	1.2
Other taxes	32.3	31.3	131.0	117.8
Total Operating Expenses	296.5	282.8	936.9	883.3
Operating Income (Loss)	\$ 0.8	\$ (5.0)	\$ 362.4	\$ 279.1
Revenues (\$ in millions)				
Residential	\$ 249.1	\$ 235.3	\$ 1,646.0	\$ 1,331.2
Commercial	77.0	68.7	572.7	452.2
Industrial	36.9	32.0	169.3	140.6
Off System	28.5	54.8	166.3	210.4
Other	20.4	18.7	39.8	(7.4)
Total	\$ 411.9	\$ 409.5	\$ 2,594.1	\$ 2,127.0
Sales and Transportation (MMDth)				
Residential	15.4	15.2	206.9	182.0
Commercial	17.5	16.2	135.0	118.5
Industrial	126.2	120.7	384.7	367.4
Off System	7.1	15.6	35.6	55.7
Other	—	—	(0.1)	0.4
Total	166.2	167.7	762.1	724.0
Heating Degree Days	100	94	4,092	3,576
Normal Heating Degree Days	85	85	3,576	3,576
% Colder than Normal	18%	11%	14%	—%
Customers				
Residential			3,035,401	3,022,289
Commercial			276,923	276,219
Industrial			7,512	7,488
Other			15	22
Total			3,319,851	3,306,018

NiSource’s Gas Distribution Operations serve approximately 3.3 million customers in seven states: Ohio, Indiana, Pennsylvania, Massachusetts, Virginia, Kentucky and Maryland. The regulated subsidiaries offer both traditional bundled services as well as transportation only for customers that purchase gas from alternative suppliers. The operating results reflect the temperature-sensitive nature of customer demand with 74% of annual residential and commercial throughput affected by seasonality. As a result, segment operating income is higher in the first and fourth quarters reflecting the heating demand during the winter season.

Regulatory Matters

Refer to Note 6, “Regulatory Matters,” in the Notes to Condensed Consolidated Financial Statements (unaudited) for information on significant rate developments and cost recovery and trackers for the Gas Distribution Operations segment.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(continued)

NiSource Inc.

Gas Distribution Operations

Customer Usage. Increased efficiency of natural gas appliances and improvements in home building codes and standards has contributed to a long-term trend of declining average use per customer. Usage for the nine months ended September 30, 2014 increased from the same period last year primarily due to colder weather compared to the prior year. While historically, rate design at the distribution level has been structured such that a large portion of cost recovery is based upon throughput, rather than in a fixed charge, operating costs are largely incurred on a fixed basis, and do not fluctuate due to changes in customer usage. As a result, the NiSource LDCs have pursued changes in rate design to more effectively match recoveries with costs incurred. Each of the states in which the NiSource LDCs operate has different requirements regarding the procedure for establishing changes to rate design. Columbia of Ohio restructured its rate design through a base rate proceeding and has adopted a "decoupled" rate design which more closely links the recovery of fixed costs with fixed charges. Columbia of Massachusetts and Columbia of Virginia received regulatory approval of decoupling mechanisms which adjust revenues to an approved benchmark level through a volumetric adjustment factor. Columbia of Maryland has received regulatory approval to implement a residential class revenue normalization adjustment, a decoupling mechanism whereby monthly revenues that exceed or fall short of approved levels are reconciled in subsequent months. In a prior base rate proceeding, Columbia of Pennsylvania implemented a residential weather normalization adjustment charge. In a prior base rate proceeding, NIPSCO implemented a higher fixed customer charge for residential and small customer classes moving toward full straight fixed variable rate design.

Environmental Matters

Various environmental matters occasionally impact the Gas Distribution Operations segment. As of September 30, 2014, a reserve has been recorded to cover probable and estimable environmental response actions. Refer to Note 16-C, "Environmental Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for additional information regarding environmental matters for the Gas Distribution Operations segment.

Weather

In general, NiSource calculates the weather related revenue variance based on changing customer demand driven by weather variance from normal heating degree-days. Normal is evaluated using heating degree days across the NiSource distribution region. While the temperature base for measuring heating degree days (i.e. the estimated average daily temperature at which heating load begins) varies slightly across the region, the NiSource composite measurement is based on 65 degrees. NiSource composite heating degree days reported do not directly correlate to the weather related dollar impact on the results of Gas Distribution Operations. Heating degree days experienced during different times of the year or in different operating locations may have more or less impact on volume and dollars depending on when and where they occur. When the detailed results are combined for reporting, there may be weather related dollar impacts on operations when there is not an apparent or significant change in the aggregated NiSource composite heating degree-day comparison.

Weather in the Gas Distribution Operations' territories for the third quarter of 2014 was 18% colder than normal and 6% colder than the third quarter in 2013.

Weather in the Gas Distribution Operations' territories for the nine months ended September 30, 2014 was 14% colder than normal and 14% colder than the same period in 2013.

Throughput

Total volumes sold and transported of 166.2 MMDth for the third quarter of 2014 decreased by 1.5 MMDth from the same period last year. This 0.9% decrease in volumes was primarily attributable to a decrease in off-system sales partially offset by higher industrial throughput.

Total volumes sold and transported of 762.1 MMDth for the nine months ended September 30, 2014 increased by 38.1 MMDth from the same period last year. This 5.3% increase in volume was primarily attributable to colder weather.

Net Revenues

Net revenues for the third quarter of 2014 were \$297.3 million, an increase of \$19.5 million from the same period in 2013. The increase in net revenues is due primarily to an increase of \$10.2 million for regulatory and service programs, including the implementation of rates under Columbia of Ohio's approved infrastructure replacement program and the impacts of the rate case at Columbia of Massachusetts. Additionally, there was an increase in net revenues as result of a settlement of \$3.2 million at Columbia of Massachusetts in 2013, increased industrial and commercial usage of \$1.4 million, higher net revenues due to increased margins of \$1.4 million and higher large customer revenue of \$1.3 million.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(continued)

NiSource Inc.

Gas Distribution Operations

Net revenues for the nine months ended September 30, 2014 were \$1,299.3 million, an increase of \$136.9 million from the same period in 2013. The increase in net revenues is due primarily to an increase of \$69.9 million for regulatory and service programs, including the impacts of the rate settlement in 2013 at Columbia of Pennsylvania and the implementation of rates under Columbia of Ohio's approved infrastructure replacement program, the effects of colder weather of \$19.7 million and increased regulatory and tax trackers, which are offset in expense, of \$17.0 million. Additionally, there was higher residential, commercial and industrial usage of \$8.8 million, an increase in off-system sales of \$5.1 million, higher revenue of \$4.9 million due to increased customer count and an increase in large customer revenue of \$4.6 million. Also, there were higher net revenues due to increased margins of \$3.9 million, higher net revenues from the recovery of storage inventory costs of \$3.6 million and a settlement of \$3.2 million at Columbia of Massachusetts in 2013. These increases were partially offset by a decrease of \$5.8 million resulting from NIPSCO's GCIM.

At NIPSCO, sales revenues and customer billings are adjusted for amounts related to under and over-recovered purchased gas costs from prior periods per regulatory order. These amounts are primarily reflected in the "Other" gross revenues statistic provided at the beginning of this segment discussion. The adjustment to Other gross revenues for the three and nine months ended September 30, 2014 was a revenue increase of \$10.0 million and \$9.7 million, respectively, compared to an increase of \$8.1 million and a decrease of \$42.4 million for the three and nine months ended September 30, 2013, respectively.

Operating Income

For the third quarter of 2014, Gas Distribution Operations reported operating income of \$0.8 million, an increase of \$5.8 million from the comparable 2013 period. Operating income increased as a result of higher net revenues, as described above, partially offset by increased operating expenses. Operating expenses were \$13.7 million higher than the comparable period reflecting increased employee and administrative expenses of \$12.9 million and higher depreciation of \$4.3 million due to increased capital expenditures. These increases were partially offset by a decrease in environmental costs of \$3.7 million.

For the nine months ended September 30, 2014, Gas Distribution Operations reported operating income of \$362.4 million, an increase of \$83.3 million from the comparable 2013 period. Operating income increased as a result of higher net revenues, as described above, partially offset by increased operating expenses. Operating expenses were \$53.6 million higher than the comparable period reflecting higher employee and administrative expenses of \$17.7 million, increased regulatory and tax trackers, which are offset in net revenues, of \$17.0 million and higher depreciation of \$12.0 million due to increased capital expenditures. Additionally, there was increased other taxes of \$6.3 million, higher outside service costs of \$4.0 million and increased uncollectibles of \$3.7 million. These increases were partially offset by a decrease in environmental costs of \$5.8 million.

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(continued)

NiSource Inc.

Columbia Pipeline Group Operations

(in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Net Revenues				
Transportation revenues	\$ 194.0	\$ 176.4	\$ 597.8	\$ 558.9
Storage revenues	49.1	48.6	148.3	147.8
Other revenues	74.5	57.7	260.6	151.2
Total Sales Revenues	317.6	282.7	1,006.7	857.9
Less: Cost of sales (excluding depreciation and amortization)	—	0.1	0.2	0.3
Net Revenues	317.6	282.6	1,006.5	857.6
Operating Expenses				
Operation and maintenance	194.4	165.3	565.2	448.0
Depreciation and amortization	29.2	26.7	87.7	78.9
Gain on sale of assets	(3.0)	(11.1)	(20.8)	(11.3)
Other taxes	14.6	13.5	50.3	46.6
Total Operating Expenses	235.2	194.4	682.4	562.2
Equity Earnings in Unconsolidated Affiliates	12.0	10.5	32.9	25.6
Operating Income	\$ 94.4	\$ 98.7	\$ 357.0	\$ 321.0
Throughput (MMDth)				
Columbia Transmission	160.9	158.4	814.6	790.8
Columbia Gulf	143.0	134.0	473.3	494.0
Crossroads Pipeline	3.2	4.1	12.4	12.4
Intrasegment eliminations	(22.1)	(36.5)	(105.3)	(211.8)
Total	285.0	260.0	1,195.0	1,085.4

NiSource's Columbia Pipeline Group Operations segment primarily consists of the operations of Columbia Transmission, Columbia Gulf, NiSource Midstream, NEVCO, Crossroads Pipeline, and the equity investments in Pennant, Millennium and Hardy Storage. In total, NiSource owns a pipeline network of approximately 15,000 miles extending from the Gulf of Mexico to New York and the eastern seaboard. The pipeline network serves customers in 16 northeastern, mid-Atlantic, midwestern and southern states, as well as the District of Columbia. In addition, the Columbia Pipeline Group Operations segment operates one of the nation's largest underground natural gas storage systems.

Columbia Pipeline Group Operations' most significant projects are as follows:

Warren County. The Columbia Pipeline Group Operations segment invested approximately \$37 million on an expansion project, which included 2.5 miles of 24-inch new pipeline and modifications to existing compression assets, with Virginia Power Services Energy Corporation, Inc., the energy manager for Virginia Electric and Power Company. This project expanded the Columbia Transmission system in order to provide up to nearly 250,000 Dth per day of transportation capacity under a long-term, firm contract. The project went into service in the second quarter of 2014.

West Side Expansion. The Columbia Pipeline Group Operations segment invested approximately \$200 million in new pipeline and compression to increase supply origination from the Smithfield and Waynesburg areas on the Columbia Transmission system and provide transportation to Gulf Coast markets on the Columbia Gulf system. This investment will increase capacity up to 444,000 Dth per day from the Smithfield and Waynesburg areas and up to 540,000 Dth per day from Leach to Rayne transporting Marcellus production under long-term, firm contracts. Limited interim service was provided throughout 2014 with the project fully in service in October 2014.

Giles County. The Columbia Pipeline Group Operations segment spent approximately \$25 million to construct nearly 13 miles of 8-inch pipeline to provide 46,000 Dth per day of firm service to a third party off of its Line VA system into Columbia of Virginia's system. Columbia of Virginia expanded pipeline facilities and an existing direct connection with the third party's plant in Giles County, Virginia. The project was placed into service in October 2014.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(continued)

NiSource Inc.

Columbia Pipeline Group Operations

Line 1570 Expansion. The Columbia Pipeline Group Operations segment is replacing approximately 19 miles of 20-inch bare steel pipe with 24-inch pipe from Waynesburg, Pennsylvania to Redd Farm, Pennsylvania at an approximate cost of \$20 million. The project also includes the installation of two compressors at Redd Farm and an uprate in horsepower at Waynesburg, increasing capacity by nearly 99,000 Dth per day. The project is expected to be in service in the fourth quarter of 2014.

Big Pine Expansion. The Columbia Pipeline Group Operations segment is investing approximately \$65 million to make a connection to the Big Pine pipeline and add compression facilities that will add incremental capacity. The additional 9 mile 20-inch pipeline and compression facilities will support Marcellus shale production in western Pennsylvania. Approximately half of the increased capacity generated by the project is expected to be supported by a long-term fee-based agreement with a regional producer, with the remaining capacity expected to be sold to other area producers in the near term. The project is expected to be placed in service by the third quarter of 2015.

East Side Expansion. The Columbia Pipeline Group Operations segment plans to invest approximately \$275 million in developing its East Side Expansion project, which will provide access for Marcellus supplies to the northeastern and mid-Atlantic markets. Backed by binding precedent agreements, the project will add up to 312,000 Dth per day of capacity, which is expected to be placed in service by the end of the third quarter of 2015.

Chesapeake, Virginia LNG Facility Modernization. The Columbia Pipeline Group Operations segment is investing approximately \$33 million to upgrade the facility and extend its associated customer contracts for 15 years. The project's first phase was completed in the fourth quarter of 2013. The remainder of the project is expected to be placed into service in the second quarter of 2015.

Washington County Gathering. The Columbia Pipeline Group Operations segment is constructing a field gathering system in Pennsylvania that will gather well pad production of primarily dry gas from a third party producer. Pipeline laterals will be built to connect well pads as drilling is developed. The approximate \$120 million investment will include about 20 miles of gathering pipelines of varying diameter, a compressor station and dehydration unit. The gas gathering agreement has an initial 15-year term with the option to extend. The project is expected to be in service during the fourth quarter of 2015, with additional expansion expected as gas production grows.

Kentucky Power Plant. The Columbia Pipeline Group Operations segment is constructing nearly 3 miles of 16-inch greenfield pipeline from Columbia Transmission's Line P that will serve a third-party natural gas-fired electric generation plant in Kentucky. The project will cost approximately \$24 million and will provide 72,000 Dth per day of capacity to the plant under an executed binding precedent agreement. The project is expected to be in service by the end of the second quarter of 2016.

Utica Access. The Columbia Pipeline Group Operations segment is investing approximately \$51 million to construct nearly 5 miles of 20-inch greenfield pipeline to provide 205,000 Dth per day of new firm service to allow Utica production access to liquid trading points on its system. This project is expected to be in service by the end of the fourth quarter of 2016.

Leach XPress. The Columbia Pipeline Group Operations segment will invest approximately \$1.4 billion in this project. The project involves the installation of approximately 124 miles of 36-inch pipeline from Majorsville to the Crawford compressor station (Crawford) located on the Columbia Transmission system, and 27 miles of 36-inch pipeline from Crawford to the McArthur compressor station located on the Columbia Transmission system, and approximately 101,700 hp across multiple sites. The project will provide approximately 1.5 Bcf per day of capacity out of the Marcellus and Utica production regions to the Leach compressor station (Leach) located on the Columbia Gulf system, TCO Pool, and other markets on the Columbia Transmission system. Virtually all of the project's capacity has been secured with long-term firm contracts. The project is expected to go in service during the fourth quarter of 2017.

Rayne XPress. The Columbia Pipeline Group Operations segment will invest approximately \$330 million to modify existing facilities and to add new compression. This project would transport approximately 1 Bcf per day of growing southwest Marcellus and Utica production away from constrained production areas to markets and liquid transaction points. Capable of receiving gas from Columbia Transmission's Leach XPress project, gas would be transported from the Leach, Kentucky interconnect with Columbia Transmission in a southerly direction towards the Rayne compressor station in southern Louisiana to reach various Gulf Coast markets. Definitive agreements for firm service have been secured for the project's capacity. The project is expected to be placed in service by the end of the fourth quarter of 2017.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(continued)

NiSource Inc.

Columbia Pipeline Group Operations

WB XPress. The Columbia Pipeline Group Operations segment will invest approximately \$870 million in this project that will transport approximately 1.3 Bcf of Marcellus Shale production on the Columbia Transmission system to pipeline interconnects and East Coast markets, which includes access to the Cove Point LNG terminal. Resolution of conditions precedent is anticipated in the fourth quarter of 2014. The project is expected to be placed in service during the fourth quarter of 2018.

Cameron Access. The Columbia Pipeline Group Operations segment has entered into binding precedent agreements for the improvement to existing pipeline and the construction of new pipeline and compression facilities along the Columbia Gulf system to connect with the Cameron LNG Terminal in southern Louisiana. The approximately \$310 million project will transport supplies from numerous supply basins to the planned LNG export facility, which received Department of Energy approval late in 2013. The project will offer an initial capacity of up to 800,000 Dth per day and is expected to be placed into service by the first quarter of 2018.

Equity Investments

Pennant. NiSource Midstream entered into a 50:50 joint venture in 2012 with affiliates of Hilcorp to construct new wet natural gas gathering pipeline infrastructure and NGL processing facilities to support natural gas production in the Utica Shale region of northeastern Ohio and western Pennsylvania. NiSource Midstream and Hilcorp jointly own Pennant with NiSource Midstream serving as the operator of Pennant and the facilities. NiSource accounts for the joint venture under the equity method of accounting.

Pennant invested in the construction of 20-24 inch wet gas gathering pipeline facilities with a capacity of approximately 500 MMcf per day. In addition, Pennant constructed a gas processing facility in New Middletown, Ohio that will have an initial capacity of 200 MMcf per day and is constructing a NGL pipeline with an initial capacity of 45,000 barrels per day that can be expanded to 90,000 barrels per day. Consistent with the terms of the joint venture, NiSource Midstream operates the gas processing facility, NGL pipeline and associated wet gas gathering system. The joint venture is designed and anticipated to serve other producers with significant acreage development in the area with an interest in obtaining capacity on the system. The facilities allow Pennant to be a full-service solution for providers in the northern Utica Shale region, offering access to wet gas gathering and processing as well as residue gas and NGL takeaway to attractive market destinations. NiSource Midstream's initial investment in this area, including the gathering pipeline, related laterals, NGL pipeline and the processing plant, is approximately \$195 million. Portions of the facilities were placed in service in the fourth quarter of 2013 and the second quarter of 2014, with the remainder placed in service in October 2014.

During the third quarter of 2014, NiSource Midstream made cash contributions to Pennant totaling \$9.0 million. Cash contributions of \$41.9 million were made during the same period last year. For the nine months ended September 30, 2014 and 2013, NiSource Midstream made cash contributions to Pennant of \$61.2 million and of \$68.0 million, respectively.

In a separate agreement with Hilcorp, test wells were drilled in 2012 and continued in 2013 to support the development of the hydrocarbon potential on more than 100,000 combined acres in the Utica/Point Pleasant Shale formation. Production wells were drilled in 2013 and 2014, with the full production program in development. NiSource is investing alongside Hilcorp in the development of the acreage, with NiSource owning both a working and overriding royalty interest. All of the Hilcorp/NiSource acreage is dedicated to Pennant.

Millennium. Millennium operates approximately 253 miles of pipeline and three compressor stations with approximately 43,000 hp of installed capacity under the jurisdictional authority of the FERC. The Millennium pipeline has the capability to transport natural gas to markets along its route, which lies between Corning, New York and Ramapo, New York, as well as to the New York City market through its pipeline interconnections. Columbia Transmission owns a 47.5% interest in Millennium and acts as operator for the pipeline in partnership with DTE Millennium Company and National Grid Millennium LLC, which each own an equal remaining share of the company.

During the third quarter of 2014 and 2013, Columbia Transmission made contributions of zero and \$2.4 million, respectively, to Millennium. For the nine months ended September 30, 2014 and 2013, Columbia Transmission made contributions of \$2.6 million and \$9.0 million, respectively, to fund its share of capital projects. During the third quarter of 2014 and 2013, Columbia Transmission received distributions of earnings of \$14.2 million and \$6.2 million, respectively. For the nine months ended September 30, 2014 and 2013, Columbia transmission received distributions of earnings of \$26.1 million and \$17.1 million, respectively.

Millennium began two projects in 2012 that added approximately 30,000 hp of compression to its system. The first project went into service in June 2013 and increased capacity at its interconnections with Algonquin Gas Transmission, with a total investment

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(continued)

NiSource Inc.

Columbia Pipeline Group Operations

of approximately \$50 million. The second project included a total investment of approximately \$40 million that increased capacity with interconnections to other third-party facilities. The second project was placed into service in March 2014. Columbia Transmission's share of the above investments is limited to its 47.5% interest in Millennium.

Hardy Storage. Hardy Storage is a 50:50 joint venture between subsidiaries of Columbia Transmission and Piedmont that consists of 29 storage wells in a depleted gas production field in Hardy and Hampshire counties in West Virginia. Columbia Transmission serves as operator of the company, which is regulated by the FERC. Hardy Storage facilities interconnect with Columbia Transmission and include approximately 37 miles of pipeline and nearly 7,200 hp of installed capacity with a working storage capacity of 12 Bcf and the ability to deliver 176,000 Dth of natural gas per day.

During both the third quarter of 2014 and 2013, NiSource received \$0.5 million of available accumulated earnings. For the nine months ended September 30, 2014 and 2013, NiSource received \$1.5 million and \$1.9 million of available accumulated earnings, respectively. NiSource made no contributions during 2014 or 2013.

Nature of Sales

Columbia Transmission and Columbia Gulf compete for transportation customers based on the type of service a customer needs, operating flexibility, available capacity and price. Columbia Gulf and Columbia Transmission provide a significant portion of total transportation services under firm contracts and derive a smaller portion of revenues through interruptible contracts, with management seeking to maximize the portion of physical capacity sold under firm contracts.

Firm service contracts require pipeline capacity to be reserved for a given customer between certain receipt and delivery points. Firm customers generally pay a "capacity reservation" fee based on the amount of capacity being reserved regardless of whether the capacity is used, plus an incremental usage fee when the capacity is used. Annual capacity reservation revenues derived from firm service contracts generally remain constant over the life of the contract because the revenues are based upon capacity reserved and not whether the capacity is actually used. The high percentage of revenue derived from capacity reservation fees mitigates the risk of revenue fluctuations within the Columbia Pipeline Group Operations segment due to changes in near-term supply and demand conditions. For the quarter ended September 30, 2014, approximately 94.6% of the transportation revenues were derived from capacity reservation fees paid under firm contracts and 3.6% of the transportation revenues were derived from usage fees under firm contracts compared to approximately 93.7% and 4.1%, respectively, for the quarter ended September 30, 2013. For the nine months ended September 30, 2014, approximately 93.8% of the transportation revenues were derived from capacity reservation fees paid under firm contracts and 4.3% of the transportation revenues were derived from usage fees under firm contracts compared to approximately 92.9% and 5.3% respectively, for the nine months ended September 30, 2013.

Interruptible transportation service is typically short term in nature and is generally used by customers that either do not need firm service or have been unable to contract for firm service. These customers pay a usage fee only for the volume of gas actually transported. The ability to provide this service is limited to available capacity not otherwise used by firm customers, and customers receiving services under interruptible contracts are not assured capacity in the pipeline facilities. Columbia Pipeline Group Operations provides interruptible service at competitive prices in order to capture short term market opportunities as they occur and interruptible service is viewed by management as an important strategy to optimize revenues from the gas transmission assets. For the quarters ended September 30, 2014 and 2013, approximately 1.8% and 2.2%, respectively, of the transportation revenues were derived from interruptible contracts. For the nine months ended September 30, 2014 and 2013, approximately 2.0% and 1.8%, respectively, of the transportation revenues were derived from interruptible contracts.

Regulatory Matters

Refer to Note 6, "Regulatory Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for information on regulatory matters for the Columbia Pipeline Group Operations segment.

Environmental Matters

Various environmental matters occasionally impact the Columbia Pipeline Group Operations segment. As of September 30, 2014, a reserve has been recorded to cover probable and estimable environmental response actions. Refer to Note 16-C, "Environmental Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for additional information regarding environmental matters for the Columbia Pipeline Group Operations segment.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(continued)

NiSource Inc.

Columbia Pipeline Group Operations

Throughput

Columbia Transmission's throughput consists of gas transportation service deliveries to LDC city gates, to gas fired power plants, other industrial customers, or other interstate pipelines in its market area. Columbia Transmission's market area covers portions of northeastern, mid-Atlantic, midwestern, and southern states as well as the District of Columbia. Gas delivered via transportation services to storage is not accounted for as throughput until it is withdrawn from storage and delivered to one of the aforementioned locations via a transportation service. Throughput for Columbia Gulf traditionally consists of gas delivered to Columbia Transmission at Leach, Kentucky as well as gas delivered south of Leach to other interstate pipelines or to an LDC's city gate. Market conditions on Columbia Gulf continue to support greater use of backhaul transportation services from supplies originating near Leach, Kentucky and its Louisiana interconnects to markets in the southeastern United States. Crossroads Pipeline serves customers in northern Indiana and Ohio via gas flowing west to east originating from outside the Chicago area to Cygnet, Ohio where it interconnects with Columbia Transmission. Intra-segment eliminations represent gas delivered to an affiliated pipeline within the segment.

Throughput for the Columbia Pipeline Group Operations segment totaled 285.0 MMDth for the third quarter of 2014 , compared to 260.0 MMDth for the same period in 2013 . The increase of 25.0 MMDth reflected increased Marcellus natural gas production and favorable pricing conditions to third party interconnects in the Southeast region of the United States.

Throughput for the Columbia Pipeline Group Operations segment totaled 1,195.0 MMDth for the nine months ended September 30, 2014 , compared to 1,085.4 MMDth for the same period in 2013 . The increase of 109.6 MMDth was primarily attributable to increased natural gas production on the Columbia Pipeline Group system and the transportation of volumes to third party interconnects mentioned above.

Net Revenues

Net revenues were \$317.6 million for the third quarter of 2014 , an increase of \$35.0 million from the same period in 2013 . The increase in net revenues is due primarily to higher regulatory trackers, which are offset in expense, of \$15.6 million, increased demand margin revenue of \$11.8 million primarily as a result of growth projects placed in service, higher mineral rights royalty revenue of \$5.9 million and increased condensate revenue of \$2.6 million.

Net revenues were \$1,006.5 million for the nine months ended September 30, 2014 , an increase of \$148.9 million from the same period in 2013. The increase in net revenues is due primarily to higher regulatory trackers, which are offset in expense, of \$87.6 million, increased demand margin revenue of \$34.1 million primarily as a result of growth projects placed in service, higher mineral rights royalty revenue of \$20.5 million due to increased third party drilling activity and higher condensate revenue of \$3.7 million.

Operating Income

Operating income was \$94.4 million for the third quarter of 2014 , a decrease of \$4.3 million from the third quarter of 2013 . Operating income decreased as a result of increased operating expenses, partially offset by higher net revenues, as described above, and higher equity earnings. Operating expenses were \$40.8 million higher than the comparable period primarily as a result of increased regulatory trackers, which are offset in net revenues, of \$15.6 million, higher employee and administrative expenses of \$13.5 million, a decrease in gains on the sale of assets of \$8.1 million primarily resulting from the sale of storage base gas in 2013, higher outside service costs of \$5.8 million, and increased depreciation of \$2.5 million. These increases were partially offset by a decrease in software data conversion costs of \$7.5 million. Equity earnings increased \$1.5 million due to higher earnings at Millennium.

Operating income was \$357.0 million for the nine months ended September 30, 2014 , an increase of \$36.0 million from the comparable 2013 period. Operating income increased as a result of higher net revenues, as described above, and higher equity earnings partially offset by increased operating expenses. Operating expenses were \$120.2 million higher than the comparable period primarily as a result of increased regulatory trackers, which are offset in net revenues, of \$87.6 million, higher employee and administrative expenses of \$24.4 million, increased depreciation of \$8.8 million, higher outside service costs of \$7.5 million and increased property taxes of \$3.1 million. These increases were partially offset by an increase in the gain on the sale of assets of \$9.5 million primarily resulting from conveyances of mineral interests of \$20.8 million, offset by the sale of storage base gas in 2013 of \$11.1 million and lower software data conversion costs of \$7.5 million. Equity earnings increased \$7.3 million due to higher earnings at Millennium attributable to growth projects placed in service.

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(continued)

NiSource Inc.

Electric Operations

<i>(in millions)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Net Revenues				
Sales revenues	\$ 424.7	\$ 413.7	\$ 1,280.5	\$ 1,176.4
Less: Cost of sales (excluding depreciation and amortization)	147.5	142.2	474.2	408.4
Net Revenues	277.2	271.5	806.3	768.0
Operating Expenses				
Operation and maintenance	120.5	107.1	355.2	323.7
Depreciation and amortization	62.4	60.6	182.9	184.2
Gain on sale of assets	—	—	(0.1)	—
Other taxes	17.4	16.3	49.6	47.9
Total Operating Expenses	200.3	184.0	587.6	555.8
Operating Income	\$ 76.9	\$ 87.5	\$ 218.7	\$ 212.2
Revenues (\$ in millions)				
Residential	\$ 122.3	\$ 122.1	\$ 335.7	\$ 326.1
Commercial	122.4	116.8	337.3	324.8
Industrial	185.3	155.3	537.0	467.0
Wholesale	4.9	3.1	26.6	20.8
Other	(10.2)	16.4	43.9	37.7
Total	\$ 424.7	\$ 413.7	\$ 1,280.5	\$ 1,176.4
Sales (Gigawatt Hours)				
Residential	915.2	1,000.5	2,604.6	2,633.7
Commercial	1,031.6	1,066.1	2,932.0	2,929.9
Industrial	2,504.7	2,337.2	7,567.6	6,913.1
Wholesale	161.4	108.6	485.3	664.6
Other	36.4	31.3	104.7	91.5
Total	4,649.3	4,543.7	13,694.2	13,232.8
Cooling Degree Days	381	531	657	781
Normal Cooling Degree Days	570	570	799	799
% Colder than Normal	(33)%	(7)%	(18)%	(2)%
Electric Customers				
Residential			401,683	401,174
Commercial			54,383	54,267
Industrial			2,364	2,371
Wholesale			751	728
Other			4	6
Total			459,185	458,546

NiSource generates and distributes electricity, through its subsidiary NIPSCO, to approximately 459 thousand customers in 20 counties in the northern part of Indiana. The operating results reflect the temperature-sensitive nature of customer demand with annual sales affected by temperatures in the northern part of Indiana. As a result, segment operating income is generally higher in the second and third quarters, reflecting cooling demand during the summer season.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(continued)

NiSource Inc.

Electric Operations

Electric Supply

On October 28, 2011, NIPSCO filed its 2011 Integrated Resource Plan with the IURC. The plan evaluates demand-side and supply-side resource alternatives to reliably and cost-effectively meet NIPSCO customers' future energy requirements over the next twenty years. Existing resources are expected to be sufficient, assuming favorable outcomes for environmental upgrades, to meet customers' needs for the next decade. NIPSCO continues to monitor and assess economic, regulatory and legislative activity, and will update its resource plan as appropriate.

Regulatory Matters

Refer to Note 6, "Regulatory Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for information on significant rate developments and cost recovery and trackers for the Electric Operations segment.

Environmental Matters

Various environmental matters occasionally impact the Electric Operations segment. As of September 30, 2014, a reserve has been recorded to cover probable and estimable environmental response actions. Refer to Note 16-C, "Environmental Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for additional information regarding environmental matters for the Electric Operations segment.

Transmission Upgrade Agreements

On February 11, 2014, NIPSCO entered into TUAs with upgrade sponsors to complete upgrades on NIPSCO's transmission system on behalf of those sponsors. The upgrade sponsors have agreed to reimburse NIPSCO for the total cost to construct transmission upgrades and place them into service, which is estimated at \$50.3 million, multiplied by a rate of 1.71 ("the multiplier").

On June 10, 2014, certain upgrade sponsors for both TUAs, filed a complaint at FERC against NIPSCO regarding the multiplier stated in the TUAs. On June 30, 2014, NIPSCO filed an answer defending the terms of the TUAs and the just and reasonable nature of the multiplier charged therein and moved for dismissal of the complaint. NIPSCO will continue to monitor developments in this matter but cannot estimate the impact (if any) on the Condensed Consolidated Financial Statements (unaudited) the complaint will have at this time.

Sales

Electric Operations sales quantities for the third quarter of 2014 were 4,649.3 gwh, an increase of 105.6 gwh compared to the third quarter of 2013. The 2.3% increase is primarily attributable to an increase in industrial usage due to large industrial customers expanding plant operations and using less internal generation.

Electric Operations sales quantities for the nine months ended September 30, 2014 were 13,694.2 gwh, an increase of 461.4 gwh compared to the same period in 2013. The 3.5% increase is primarily attributable to an increase in industrial usage due to large industrial customers expanding plant operations and using less internal generation.

Net Revenues

Net revenues were \$277.2 million for the third quarter of 2014, an increase of \$5.7 million from the same period in 2013. The increase in net revenues is due primarily to higher industrial and residential usage of \$7.4 million, increased trackers, which are offset in expense, of \$4.4 million and an increase in the return on the environmental capital investment recovery of \$4.2 million due to an increased plant balance eligible for recovery. These increases were partially offset by the effects of weather of \$10.3 million.

Net revenues were \$806.3 million for the nine months ended September 30, 2014, an increase of \$38.3 million from the same period in 2013. The increase in net revenues is due primarily to higher industrial and residential usage of \$21.9 million, an increase in the return on the environmental capital investment recovery of \$17.3 million due to an increased plant balance eligible for recovery. Additionally, there was increased net revenues of \$4.1 million as a result of two electric transmission projects authorized by the MISO and higher off-system sales of \$3.9 million. These increases were partially offset by a decrease in transmission upgrade revenue of \$6.5 million and the effects of weather of \$3.8 million.

At NIPSCO, sales revenues and customer billings are adjusted for amounts related to under and over-recovered purchased fuel costs from prior periods per regulatory order. These amounts are primarily reflected in the "Other" gross revenues statistic provided at the beginning of this segment discussion. The adjustment to Other gross revenues for the three and nine months ended

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(continued)

NiSource Inc.

Electric Operations

September 30, 2014 was a revenue decrease of \$22.2 million and an increase of \$8.6 million, respectively, compared to a revenue increase of \$6.9 million and \$6.6 million for the three and nine months ended September 30, 2013 , respectively.

Operating Income

For the third quarter of 2014 , Electric Operations reported operating income of \$76.9 million, a decrease of \$10.6 million from the comparable 2013 period. Operating income decreased as a result of increased operating expenses, partially offset by higher net revenues, as described above. Operating expenses increased \$16.3 million due primarily to higher employee and administrative expenses of \$5.3 million, an increase in trackers, which are offset in net revenues, of \$4.4 million, higher electric generation costs of \$3.4 million and increased storm damage costs of \$3.3 million.

For the nine months ended September 30, 2014 , Electric Operations reported operating income of \$218.7 million, an increase of \$6.5 million from the comparable 2013 period. Operating income increased as a result of higher net revenues, as described above, partially offset by increased operating expenses. Operating expenses increased \$31.8 million due primarily to higher employee and administrative expenses of \$15.3 million, increased electric generation costs of \$14.3 million as a result of maintenance related outages and higher storm damage costs of \$2.6 million.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

NiSource Inc.

For a discussion regarding quantitative and qualitative disclosures about market risk see “Management’s Discussion and Analysis of Financial Condition and Results of Operations - Market Risk Disclosures.”

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

NiSource’s Chief Executive Officer and its Principal Financial Officer, after evaluating the effectiveness of NiSource’s disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)), have concluded based on the evaluation required by paragraph (b) of Exchange Act Rules 13a-15 and 15d-15 that, as of the end of the period covered by this report, NiSource’s disclosure controls and procedures are considered effective.

Changes in Internal Controls

There have been no changes in NiSource’s internal control over financial reporting during the fiscal quarter covered by this report that has materially affected, or is reasonably likely to materially affect, NiSource’s internal control over financial reporting.

PART II

ITEM 1. LEGAL PROCEEDINGS

NiSource Inc.

On August 29, 2014, Pike County Conservation District issued an NOV to Columbia Transmission alleging violations of the Pennsylvania Clean Streams Law and Columbia Transmission's Erosion and Sediment Control General Permit in connection with Columbia Transmission's Line 1278 Replacement Project. Discussions are ongoing with the Pike County Conservation District to resolve this NOV.

ITEM 1A. RISK FACTORS

There have been no material changes to the risk factors previously disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2013 ("Form 10-K"), except for the addition of the risk factors set forth below. The risks and uncertainties described below should be read in conjunction with the risk factors and other information disclosed in our Form 10-K.

The Proposed Separation may not be completed on the currently contemplated timeline or terms, or at all, and may not achieve the intended benefits .

The Proposed Separation is subject to conditions, including, without limitation, final NiSource Board of Directors approval and the receipt by NiSource of a legal opinion to the effect that the distribution of CPG shares to NiSource shareholders will qualify as tax-free under Section 355 of the U.S. Internal Revenue Code. Unanticipated developments or changes in market conditions may delay the Proposed Separation, and the Proposed Separation may not occur on the currently contemplated timeline or at all.

NiSource cannot predict with certainty when the benefits expected from the Proposed Separation will occur or the extent to which they will be achieved, if at all. Furthermore, there are various uncertainties and risks relating to the process of the Proposed Separation that could have a negative impact on our financial condition, results of operations and cash flows, including disruption of our operations and impairment of our relationship with regulators, key personnel, customers and vendors.

If the Proposed Separation is successfully completed, NiSource will face new and unique risks, including the possibility of reduced financial resources and less diversification of revenue sources, which may adversely impact NiSource's financial condition, results of operations and cash flows. In addition, the changes in our operational and financial profile may not meet some or all of our shareholders' investment strategies, which could cause investors to sell their NiSource shares and otherwise decrease demand for shares of NiSource common stock. Excess selling will cause the relative market price of NiSource common stock to decrease, and the market price of NiSource common stock may be subject to greater volatility following the completion of the Proposed Separation.

A condition to the Proposed Separation is the receipt by NiSource of a legal opinion to the effect that the distribution of CPG shares to NiSource shareholders will qualify as tax-free under Section 355 of the U.S. Internal Revenue Code. However, even if we receive such an opinion, the Internal Revenue Service could determine on audit that the distribution is taxable. Both NiSource and our shareholders could incur significant U.S. federal income tax liabilities if taxing authorities conclude the distribution is taxable.

Following the Proposed Separation, both NiSource and CPG are expected to have investment grade credit ratings. However, there is no assurance that this will occur, and even if both NiSource and CPG have investment grade credit ratings at the time the Proposed Separation is completed, there is no assurance that they will continue to maintain such investment grade credit ratings in the future.

Inability to complete the planned initial public offering of Columbia Pipeline Partners LP on the currently contemplated timeline or terms may adversely impact our stock price and our ability to enhance our growth potential .

On September 29, 2014, a registration statement relating to the proposed initial public offering, or IPO, of common units representing limited partner interests in Columbia Pipeline Partners LP was filed with the Securities and Exchange Commission but has not yet become effective. Completion of the registration is subject to market conditions and numerous other risks beyond our control, including, but not limited to, the general economy, credit markets, equity markets and energy prices. Therefore, it is possible that the master limited partnership will not complete an offering of securities, will not raise the planned amount of capital even if an offering of securities is completed, and will not be able to complete its proposed actions on the timetable indicated. Furthermore,

ITEM 1A. RISK FACTORS (continued)

NiSource Inc.

the structure, nature, purpose, proposed assets and liabilities, and proposed manner of offering of the master limited partnership may change materially from those anticipated. If the IPO is not completed or is delayed, our stock price may decline and our growth potential may be negatively impacted.

A registration statement relating to common units of Columbia Pipeline Partners LP has been filed with the SEC but has not yet become effective. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This quarterly report on Form 10-Q shall not constitute an offer to sell or the solicitation of an offer to buy any securities. Any offers, solicitations of offers to buy, or any sales of securities of Columbia Pipeline Partners LP will be made only in accordance with the registration requirements of the Securities Act of 1933 or an exemption therefrom.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

NiSource Inc.

- (10.1) Term Loan Agreement (the "Agreement") with the lenders party thereto, CoBank, ACB, as Syndication Agent, JPMorgan Chase Bank, N.A., as Administrative Agent, and J.P. Morgan Securities LLC and CoBank, ACB, as Joint Lead Arrangers and Joint Bookrunners dated August 20, 2014.
- (31.1) Certification of Robert C. Skaggs, Jr., Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- (31.2) Certification of Stephen P. Smith, Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- (32.1) Certification of Robert C. Skaggs, Jr., Chief Executive Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).
- (32.2) Certification of Stephen P. Smith, Chief Financial Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).
- (101.INS) XBRL Instance Document
- (101.SCH) XBRL Schema Document
- (101.CAL) XBRL Calculation Linkbase Document
- (101.LAB) XBRL Labels Linkbase Document
- (101.PRE) XBRL Presentation Linkbase Document
- (101.DEF) XBRL Definition Linkbase Document

Pursuant to Item 601(b)(4)(iii) of Regulation S-K, NiSource hereby agrees to furnish the SEC, upon request, any instrument defining the rights of holders of long-term debt of NiSource not filed as an exhibit herein. No such instrument authorizes long-term debt securities in excess of 10% of the total assets of NiSource and its subsidiaries on a consolidated basis.

TERM LOAN AGREEMENT

among

NISOURCE FINANCE CORP.,
as Borrower,

NISOURCE INC.,
as Guarantor,

THE LENDERS Party Hereto,

COBANK, ACB
as Syndication Agent,

JPMORGAN CHASE BANK, N.A.,
as Administrative Agent,

J.P. MORGAN SECURITIES LLC
and
COBANK, ACB,
Joint Lead Arrangers and Joint Bookrunners

Dated as of August 20, 2014

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SCHEDULE 6.01(e)	Existing Agreements

TERM LOAN AGREEMENT , dated as of August 20, 2014 (this “ *Agreement* ”), among **NISOURCE FINANCE CORP.** , an Indiana corporation, as Borrower (the “ *Borrower* ”), **NISOURCE INC.** , a Delaware corporation (“ *NiSource* ”), as Guarantor (the “ *Guarantor* ”), the Lead Arrangers and other Lenders from time to time party hereto, **COBANK, ACB** , as Syndication Agent and **JPMORGAN CHASE BANK, N.A.** , as administrative agent for the Lenders hereunder (in such capacity, the “ *Administrative Agent* ”).

The parties hereto hereby agree as follows:

ARTICLE I DEFINITIONS

SECTION 1.01. Defined Terms. As used in this Agreement, the following terms have the meanings specified below:

“ *ABR* ”, when used in reference to any Loan or Borrowing, refers to whether such Loan is, or the Loans comprising such Borrowing are, bearing interest at a rate determined by reference to the Alternate Base Rate.

“ *Administrative Questionnaire* ” means an Administrative Questionnaire in a form supplied by the Administrative Agent.

“ *Affiliate* ” means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

“ *Agent Party* ” has the meaning assigned to such term in Section 11.01(g).

“ *Aggregate Commitments* ” means the aggregate amount of the Commitments of all Lenders, as in effect from time to time. As of the date hereof, the Aggregate Commitments equal \$750,000,000.

“ *Alternate Base Rate* ” means, for any day, a rate *per annum* equal to the greatest of (a) the Prime Rate in effect on such day, (b) the Federal Funds Effective Rate in effect on such day plus 1/2 of 1% and (c) 1.0% per annum plus the LIBO Rate applicable to an Interest Period of one month on such day (or if such day is not a Business Day, the immediately preceding Business Day), provided that, for the avoidance of doubt, the LIBO Rate for any day shall be based on the rate appearing on Reuters Screen LIBOR01 Page (or on any successor or substitute page of such page) at approximately 11:00 a.m. London time on such day. Any change in the Alternate Base Rate due to a change in the Prime Rate, the Federal Funds Effective Rate or the one-month LIBO Rate shall be effective from and including the effective date of such change in the Prime Rate, the Federal Funds Effective Rate or the one-month LIBO Rate, respectively.

“ *Anti-Corruption Laws* ” means all laws, rules, and regulations of any jurisdiction applicable to the Borrower or its Subsidiaries from time to time concerning or relating to bribery or corruption.

“ *Applicable Percentage* ” means, with respect to any Lender, the percentage of the Aggregate Commitments represented by such Lender’s Commitment; provided that, in the case of Section 2.20 when a Defaulting Lender shall exist, “Applicable Percentage” shall mean the percentage of the Aggregate Commitment (disregarding any Defaulting Lender’s Commitment) represented by such Lender’s Commitment. If the Commitments have terminated or expired, the Applicable Percentages shall be determined based upon the aggregate principal amount of Outstanding Loans made or maintained by such Lender as a percentage of all Outstanding Loans; provided that, in the event that a Defaulting Lender shall exist, in accordance with Section 2.20, “Applicable Percentage” shall mean the percentage of all Outstanding Loans (disregarding any Defaulting Lender’s Outstanding Loans) represented by such Lender’s Outstanding Loans.

“ *Applicable Rate* ” means, for any day, (a) with respect to any ABR Loan, the applicable rate per annum set forth adjacent to the caption “ABR Loans” on the Pricing Grid and (b) with respect to any Eurodollar Loan, the applicable rate per annum set forth adjacent to the caption “Eurodollar Loans” on the Pricing Grid.

“ *Arrangers* ” means each of J.P. Morgan Securities LLC and CoBank, ACB.

“ *Assignment and Assumption* ” means an assignment and assumption entered into by a Lender and an assignee (with the consent of any party whose consent is required by Section 11.04), and accepted by the Administrative Agent, in the form of Exhibit A or any other form approved by the Administrative Agent.

“ **Authorized Officer** ” means the president, chief financial officer or the treasurer of the Borrower; provided that solely with respect to the submission of a Borrowing Request, “ **Authorized Officer** ” shall also mean the assistant treasurer or the treasury operations manager of the Borrower.

“ **Bankruptcy Event** ” means, with respect to any Person, such Person becomes the subject of a bankruptcy or insolvency proceeding, or has had a receiver, conservator, trustee, administrator, custodian, assignee for the benefit of creditors or similar Person charged with the reorganization or liquidation of its business appointed for it, or, in the good faith determination of the Administrative Agent, has taken any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any such proceeding or appointment, provided that a Bankruptcy Event shall not result solely by virtue of any ownership interest, or the acquisition of any ownership interest, in such Person by a Governmental Authority or instrumentality thereof, provided, further, that such ownership interest does not result in or provide such Person with immunity from the jurisdiction of courts within the United States of America or from the enforcement of judgments or writs of attachment on its assets or permit such Person (or such Governmental Authority or instrumentality) to reject, repudiate, disavow or disaffirm any contracts or agreements made by such Person.

“ **Beneficiary** ” has the meaning set forth in Section 10.01.

“ **Board** ” means the Board of Governors of the Federal Reserve System of the United States of America.

“ **Borrower** ” means NiSource Finance Corp., an Indiana corporation.

“ **Borrowing** ” means Loans of the same Type, made, converted or continued on the same date and, in the case of Eurodollar Loans, as to which a single Interest Period is in effect.

“ **Borrowing Request** ” means the request by the Borrower for the Borrowing in accordance with Section 2.02.

“ **Business Day** ” means any day that is not a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to remain closed; *provided* that, when used in connection with a Eurodollar Loan, the term “ **Business Day** ” shall also exclude any day on which banks are not open for dealings in dollar deposits in the London interbank market.

“ **Capital Lease** ” means, as to any Person, any lease of real or personal property in respect of which the obligations of the lessee are required, in accordance with GAAP, to be capitalized on the balance sheet of such Person.

“ **Capital Stock** ” means any and all shares, interests, participations or other equivalents (however designated) of capital stock of a corporation, any and all equivalent ownership interests in a Person other than a corporation (including, but not limited to, all common stock and preferred stock and partnership, membership and joint venture interests in a Person), and any and all warrants, rights or options to purchase any of the foregoing.

“ **CERCLA** ” means the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act, 42, U.S.C. Section 9601 et seq., as amended.

“ **Change in Law** ” means the occurrence, after the date of this Agreement (or with respect to any Lender, if later, the date on which such Lender becomes a Lender), of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rules, guideline, requirement or directive (whether or not having the force of law) by any Governmental Authority; provided, however, that notwithstanding anything herein to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines, requirements and directives thereunder, issued in connection therewith or in implementation thereof, and (ii) all requests, rules, guidelines, requirements and directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States of America or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a “Change in Law” regardless of the date enacted, adopted, issued or implemented.

“ **Change of Control** ” means (a) any “person” or “group” within the meaning of Sections 13(d) and 14(d)(2) of the Securities Exchange Act of 1934, as amended, shall become the “beneficial owner” (as defined in Rule 13d-3 under the Securities Exchange Act of 1934, as amended) of more than 50% of the then outstanding voting Capital Stock of the Guarantor, (b) Continuing Directors shall cease to constitute at least a majority of the directors constituting the Board of Directors of the Guarantor, (c) a consolidation or merger of the Guarantor shall occur after which the holders of the

outstanding voting Capital Stock of the Guarantor immediately prior thereto hold less than 50% of the outstanding voting Capital Stock of the surviving entity; (d) more than 50% of the outstanding voting Capital Stock of the Guarantor shall be transferred to an entity of which the Guarantor owns less than 50% of the outstanding voting Capital Stock; (e) there shall occur a sale of all or substantially all of the assets of the Guarantor; or (f) the Borrower, NIPSCO or Columbia shall cease to be a Wholly-Owned Subsidiary of the Guarantor (except to the extent otherwise permitted under clauses (i), (ii), (iii) or (iv) of Section 6.01(b)).

“ **Code** ” means the Internal Revenue Code of 1986, as amended from time to time.

“ **Columbia** ” means Columbia Energy Group, a Delaware corporation.

“ **Commitment** ” means, with respect to each Lender, the commitment of such Lender to make Loans hereunder as set forth herein. The amount of each Lender’s Commitment is the amount set forth on Schedule 2.01 opposite such Lender’s name.

“ **Communications** ” has the meaning assigned to such term in Section 11.01(g).

“ **Connection Income Taxes** ” means Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes.

“ **Consolidated Capitalization** ” means the sum of (a) Consolidated Debt, (b) consolidated common equity of the Guarantor and its Consolidated Subsidiaries determined in accordance with GAAP, and (c) the aggregate liquidation preference of preferred stocks (other than preferred stocks subject to mandatory redemption or repurchase) of the Guarantor and its Consolidated Subsidiaries upon involuntary liquidation.

“ **Consolidated Debt** ” means, at any time, the Indebtedness of the Guarantor and its Consolidated Subsidiaries that would be classified as debt on a balance sheet of the Guarantor determined on a consolidated basis in accordance with GAAP.

“ **Consolidated Subsidiary** ” means, on any date, each Subsidiary of the Guarantor the accounts of which, in accordance with GAAP, would be consolidated with those of the Guarantor in its consolidated financial statements if such statements were prepared as of such date.

“ **Contingent Guaranty** ” means a direct or contingent liability in respect of a Project Financing (whether incurred by assumption, guaranty, endorsement or otherwise) that either (a) is limited to guarantying performance of the completion of the Project that is financed by such Project Financing or (b) is contingent upon, or the obligation to pay or perform under which is contingent upon, the occurrence of any event other than failure of the primary obligor to pay upon final maturity (whether by acceleration or otherwise).

“ **Continuing Directors** ” means (a) all members of the board of directors of the Guarantor who have held office continually since the Effective Date, and (b) all members of the board of directors of the Guarantor who were elected as directors after the Effective Date and whose nomination for election was approved by a vote of at least 50% of the Continuing Directors.

“ **Contractual Obligation** ” means, as to any Person, any provision of any security issued by such Person or of any agreement, instrument or other undertaking to which such Person is a party or by which it or any of its property is bound.

“ **Control** ” means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. “ **Controlling** ” and “ **Controlled** ” have meanings correlative thereto.

“ **Credit Documents** ” means (a) this Agreement, any promissory notes executed pursuant to Section 2.10, and any Assignment and Assumptions, (b) any certificates, opinions and other documents required to be delivered pursuant to Section 3.01 and (c) any other documents delivered by a Credit Party pursuant to or in connection with any one or more of the foregoing.

“ **Credit Party** ” means each of the Borrower and the Guarantor; and “ **Credit Parties** ” means the Borrower and the Guarantor, collectively.

“ **Creditor Party** ” means the Administrative Agent or any other Lender.

“ **Debt for Borrowed Money** ” means, as to any Person, without duplication, (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (c) all Capital Lease obligations of such Person, and (d) all obligations of such Person under synthetic leases, tax retention operating leases, off-balance sheet loans or other off-balance sheet financing products that, for tax purposes, are considered indebtedness for borrowed money of the lessee but are classified as operating leases under GAAP.

“ **Debt to Capitalization Ratio** ” means, at any time, the ratio of Consolidated Debt to Consolidated Capitalization.

“ **Default** ” means any event or condition that constitutes an Event of Default or that, upon notice, lapse of time or both would, unless cured or waived, become an Event of Default.

“ **Defaulting Lender** ” means any Lender that (a) has failed, within two Business Days of the date required to be funded or paid, to (i) fund any portion of its Loans or (ii) pay over to any Creditor Party any other amount required to be paid by it hereunder, unless, in the case of clause (i) above, such Lender notifies the Administrative Agent in writing that such failure is the result of such Lender’s good faith determination that a condition precedent to funding set forth in Section 3.02 (specifically identified and including the particular default, if any) has not been satisfied, (b) has notified the Borrower or any Creditor Party in writing, or has made a public statement to the effect, that it does not intend or expect to comply with any of its funding obligations under this Agreement (unless such writing or public statement indicates that such position is based on such Lender’s good faith determination that a condition precedent (specifically identified and including the particular default, if any) to funding a loan under this Agreement set forth in Section 3.02 cannot be satisfied) or generally under other agreements in which it commits to extend credit, (c) has failed, within three Business Days after request by a Creditor Party, acting in good faith, to provide a certification in writing from an authorized officer of such Lender that it will comply with its obligations to fund prospective Loans, provided that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon such Creditor Party’s receipt of such certification in form and substance satisfactory to it and the Administrative Agent, or (d) has become the subject of a Bankruptcy Event.

“ **Dollars** ” or “ **\$** ” refers to lawful money of the United States of America.

“ **Effective Date** ” means the date on which each of the conditions precedent set forth in Section 3.01 have been satisfied or waived by the Administrative Agent in accordance with Section 11.02.

“ **Electronic Signature** ” means an electronic sound, symbol, or process attached to, or associated with, a contract or other record and adopted by a Person with the intent to sign, authenticate or accept such contract or record.

“ **Electronic System** ” means any electronic system, including (i) e-mail, (ii) e-fax, (iii) Intralinks®, ClearPar® and (iv) any other Internet or extranet-based site, whether such electronic system is owned, operated or hosted by the Administrative Agent and any of its Related Parties or any other Person, providing for access to data protected by passcodes or other security system.

“ **Environmental Laws** ” means any and all foreign, federal, state, local or municipal laws (including, without limitation, common laws), rules, orders, regulations, statutes, ordinances, codes, decrees, judgments, awards, writs, injunctions, requirements of any Governmental Authority or other requirements of law regulating, relating to or imposing liability or standards of conduct concerning, pollution, waste, industrial hygiene, occupational safety or health, the presence, transport, manufacture, generation, use, handling, treatment, distribution, storage, disposal or release of Hazardous Materials, or protection of human health, plant life or animal life, natural resources or the environment, as now or at any time hereafter in effect.

“ **Environmental Liability** ” means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of the Guarantor or any of its Subsidiaries directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

“ **ERISA** ” means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated and rulings issued thereunder.

“ **ERISA Affiliate** ” means any Person who, for purposes of Title IV of ERISA, is a member of the Guarantor’s controlled group, or under common control with the Guarantor, within the meaning of Section 414 of the Code and the regulations promulgated and rulings issued thereunder.

“ **ERISA Event** ” means (a) a reportable event, within the meaning of Section 4043 of ERISA, unless the 30-day notice requirement with respect thereto has been waived by the PBGC, (b) the provision by the administrator of any Plan of a notice of intent to terminate such Plan, pursuant to Section 4041(a)(2) and 4041(c) of ERISA (including any such notice with respect to a plan amendment referred to in Section 4041(e) of ERISA), (c) the withdrawal by the Guarantor or an ERISA Affiliate from a Multiple Employer Plan during a plan year for which it was a substantial employer, as defined in Section 4001(a)(2) of ERISA, (d) the failure by the Guarantor or any ERISA Affiliate to make a payment to a Plan required under Section 302 of ERISA, for which Section 303(k) imposes a lien for failure to make required payments, or (e) the institution by the PBGC of proceedings to terminate a Plan, pursuant to Section 4042 of ERISA, or the occurrence of any event or condition which may reasonably be expected to constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, a Plan.

“ **Eurocurrency Liabilities** ” has the meaning assigned to that term in Regulation D of the Board, as in effect from time to time.

“ **Eurodollar** ”, when used in reference to any Loan or Borrowing, refers to whether such Loan is, or the Loans comprising such Borrowing are, bearing interest at a rate determined by reference to the LIBO Rate.

“ **Eurodollar Rate Reserve Percentage** ” of any Lender for the Interest Period for any Eurodollar Loan means the reserve percentage applicable during such Interest Period (or if more than one such percentage shall be so applicable, the daily average of such percentages for those days in such Interest Period during which any such percentage shall be so applicable) under regulations issued from time to time by the Board (or any successor) for determining the maximum reserve requirement (including, without limitation, any emergency, supplemental or other marginal reserve requirement) for such Lender with respect to liabilities or assets consisting of or including Eurocurrency Liabilities having a term equal to such Interest Period.

“ **Event of Default** ” has the meaning assigned to such term in Article VIII.

“ **Excluded Taxes** ” means, with respect to the Administrative Agent, any Lender or any other recipient of any payment to be made by or on account of any obligation of the Borrower hereunder, (a) income or franchise taxes imposed on (or measured by) its net income or net earnings (i) by the United States of America, or by the jurisdiction under the laws of which such recipient is organized or in which its principal office is located or, in the case of any Lender, in which its applicable lending office is located or (ii) that are Other Connection Taxes, (b) any branch profits Taxes imposed by the United States of America or any similar Taxes imposed by any other jurisdiction in which the Borrower is located, (c) in case of a Foreign Lender (other than an assignee pursuant to a request by the Borrower under Section 2.19(d)), any withholding tax that (i) is imposed on amounts payable to such Foreign Lender at the time such Foreign Lender becomes a party to this Agreement, except to the extent that such Foreign Lender’s assignor (if any) was entitled, at the time of assignment, to receive additional amounts from the Borrower with respect to such withholding tax pursuant to Section 2.17(a) or (ii) is attributable to such Foreign Lender’s failure to comply with Section 2.17 (e) when legally able to do so and (d) any U.S. Federal withholding Taxes imposed under FATCA.

“ **Extension of Credit** ” means the making by any Lender of a Loan.

“ **FATCA** ” means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof and any agreement entered into pursuant to Section 1471(b)(1) of the Code.

“ **Federal Bankruptcy Code** ” means Title 11 of the United States Code (11 U.S.C. § 101 et seq.) as now or hereafter in effect, or any successor statute.

“ **Federal Funds Effective Rate** ” means, for any day, the weighted average (rounded upwards, if necessary, to the next 1/100 of 1%) of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average (rounded upwards, if necessary, to the next 1/100 of 1%) of the quotations for such day for such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by it.

“ **Foreign Lender** ” means any Lender that is organized under the laws of a jurisdiction other than that in which the Borrower is located. For purposes of this definition, the United States of America, each State thereof and the District of Columbia shall be deemed to constitute a single jurisdiction.

“ **GAAP** ” means generally accepted accounting principles in the United States of America consistent with those applied in the preparation of the financial statements referred to in Section 4.01(e) and (f).

“ **Governmental Authority** ” means the government of the United States of America, any other nation, or any political subdivision of the United States of America or any other nation, whether state or local, any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank), and any group or body charged with setting financial accounting or regulatory capital rules or standards (including, without limitation, the Financial Accounting Standards Board, the Bank for International Settlements or the Basel Committee on Banking Supervision or any successor or similar authority to any of the foregoing).

“ **Guarantor** ” means NiSource.

“ **Guaranty** ” means the guaranty of the Guarantor pursuant to Article X of this Agreement.

“ **Hazardous Materials** ” means any asbestos; flammables; volatile hydrocarbons; industrial solvents; explosive or radioactive materials; hazardous wastes; toxic substances; liquefied natural gas; natural gas liquids; synthetic gas; oil, petroleum, or related materials and any constituents, derivatives, or byproducts thereof or additives thereto; or any other material, substance, waste, element or compound (including any product) regulated pursuant to any Environmental Law, including, without limitation, substances defined as “hazardous substances,” “hazardous materials,” “contaminants,” “pollutants,” “hazardous wastes,” “toxic substances,” “solid waste,” or “extremely hazardous substances” in (i) CERCLA, (ii) the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801 et seq., (iii) the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901 et seq., (iv) the Federal Water Pollution Control Act, as amended, 33 U.S.C. Section 1251 et seq., (v) the Clean Air Act, 42 U.S.C. Section 7401 et seq., (vi) the Toxic Substances Control Act, 15 U.S.C. Section 2601 et seq., (vii) the Safe Drinking Water Act, 42 U.S.C. Section 300f et seq., or (viii) foreign, state, local or municipal law, in each case, as may be amended from time to time.

“ **Impacted Interest Period** ” has the meaning assigned to such term in the definition of “LIBO Rate”.

“ **Indebtedness** ” of any Person means (without duplication) (a) Debt for Borrowed Money, (b) obligations of such Person to pay the deferred purchase price of property or services, except trade accounts payable arising in the ordinary course of business which are not overdue, (c) all obligations, contingent or otherwise, of such Person in respect of any letters of credit, bankers’ acceptances or interest rate, currency or commodity swap, cap or floor arrangements, (d) all indebtedness of others secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on property owned or acquired by such Person, whether or not the indebtedness secured thereby has been assumed, (e) all amounts payable by such Person in connection with mandatory redemptions or repurchases of preferred stock, and (f) obligations of such Person under direct or indirect guarantees in respect of, and obligations (contingent or otherwise) to purchase or otherwise acquire, or otherwise to assure a creditor against loss in respect of, indebtedness or obligations of others of the kinds referred to in clauses (a) through (e) above.

“ **Indemnified Taxes** ” means Taxes other than (a) Excluded Taxes and (b) Other Taxes imposed on or with respect to any payment made by or on account of any obligation of any Credit Party under the Credit Documents.

“ **Indemnitee** ” has the meaning set forth in Section 11.03.

“ **Index Debt** ” means the senior unsecured long-term debt securities of the Borrower, without third-party credit enhancement provided by a Person other than the Guarantor.

“ **Ineligible Institution** ” has the meaning assigned to such term in Section 11.04(b).

“ **Information** ” has the meaning set forth in Section 11.12.

“ **Insufficiency** ” means, with respect to any Plan, the amount, if any, by which the present value of all vested and unvested accrued benefits under such Plan exceeds the fair market value of assets allocable to such benefits, all

determined as of the then most recent valuation date for such Plan using actuarial assumptions used in determining such Plan's normal cost for purposes of Section 412(b)(2)(A) of the Code.

“ **Interest Election Request** ” means a request by the Borrower to convert or continue all or a portion of any Borrowing in accordance with Section 2.06.

“ **Interest Payment Date** ” means (a) with respect to any ABR Loan, the last Business Day of each March, June, September and December, (b) with respect to any Eurodollar Loan, the last day of the Interest Period applicable to the Borrowing of which such Loan is a part and, in the case of a Eurodollar Borrowing with an Interest Period of more than three months' duration, the day that is three months after the first day of such Interest Period and (c) with respect to any Loan, the Maturity Date.

“ **Interest Period** ” means with respect to any Eurodollar Borrowing, the period commencing on the date of such Borrowing and ending on the numerically corresponding day in the calendar month that is one week or one, two, three or six months thereafter, as the Borrower may elect; *provided* that (a) if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day; and (b) any Interest Period that commences on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such Interest Period) shall end on the last Business Day of the last calendar month of such Interest Period. For purposes hereof, the date of a Borrowing initially shall be the Effective Date and thereafter shall be the effective date of the most recent conversion or continuation of such Borrowing.

“ **Interpolated Rate** ” means, at any time, the rate per annum determined by the Administrative Agent (which determination shall be conclusive and binding absent manifest error) to be equal to the rate that results from interpolating on a linear basis between: (a) the LIBOR Screen Rate for the longest period (for which the LIBOR Screen Rate is available) that is shorter than the Impacted Interest Period and (b) the LIBOR Screen Rate for the shortest period (for which the LIBOR Screen Rate is available) that exceeds the Impacted Interest Period, in each case, at such time.

“ **Lenders** ” means the Persons listed on Schedule 2.01, including any such Person identified thereon or in the signature pages hereto as a Lead Arranger, and any other Person that shall have become a party hereto pursuant to an Assignment and Assumption, other than any such Person that ceases to be a party hereto pursuant to an Assignment and Assumption.

“ **LIBO Rate** ” means, with respect to any Eurodollar Borrowing for any applicable Interest Period, the London interbank offered rate administered by ICE Benchmark Administration (or any other Person that takes over the administration of such rate) for Dollars for a period equal in length to such Interest Period as displayed on pages LIBOR01 or LIBOR02 of the Reuters screen or, in the event such rate does not appear on either of such Reuters pages, on any successor or substitute page on such screen that displays such rate, or on the appropriate page of such other information service that publishes such rate as shall be selected by the Administrative Agent from time to time in its reasonable discretion (in each case the “ **LIBOR Screen Rate** ”) at approximately 11:00 a.m., London time, two (2) Business Days prior to the commencement of such Interest Period; provided that, if the LIBOR Screen Rate shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement; provided, further, that if a LIBOR Screen Rate shall not be available at such time for such Interest Period (the “ **Impacted Interest Period** ”), then the LIBO Rate for such Interest Period shall be the Interpolated Rate; *provided*, that, if any Interpolated Rate shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement. It is understood and agreed that all of the terms and conditions of this definition of “LIBO Rate” shall be subject to Section 2.14.

“ **LIBOR Screen Rate** ” has the meaning assigned to such term in the definition of “LIBO Rate”.

“ **Lien** ” has the meaning set forth in Section 6.01(a).

“ **Loans** ” means the loans made by the Lenders to the Borrower pursuant to this Agreement.

“ **Margin Stock** ” means margin stock within the meaning of Regulations U and X issued by the Board.

“ **Material Adverse Effect** ” means a material adverse effect on (a) the business, assets, operations, condition (financial or otherwise) or prospects of the Guarantor and its Subsidiaries taken as a whole; (b) the validity or enforceability

of any of Credit Documents or the rights, remedies and benefits available to the Administrative Agent and the Lenders thereunder; or (c) the ability of the Borrower or the Guarantor to consummate the Transactions.

“ **Material Subsidiary** ” means at any time the Borrower, NIPSCO, Columbia, and each Subsidiary of the Guarantor, other than the Borrower, NIPSCO and Columbia, in respect of which:

(a) the Guarantor’s and its other Subsidiaries’ investments in and advances to such Subsidiary and its Subsidiaries exceed 10% of the consolidated total assets of the Guarantor and its Subsidiaries taken as a whole, as of the end of the most recent fiscal year; or

(b) the Guarantor’s and its other Subsidiaries’ proportionate interest in the total assets (after intercompany eliminations) of such Subsidiary and its Subsidiaries exceeds 10% of the consolidated total assets of the Guarantor and its Subsidiaries as of the end of the most recent fiscal year; or

(c) the Guarantor’s and its other Subsidiaries’ equity in the income from continuing operations before income taxes, extraordinary items and cumulative effect of a change in accounting principles of such Subsidiary and its Subsidiaries exceeds 10% of the consolidated income of the Guarantor and its Subsidiaries for the most recent fiscal year.

“ **Maturity Date** ” means the earliest of (a) August 18, 2017 and (b) the date upon which (i) the Commitments are terminated if not previously expired and (ii) amounts payable under this Agreement are accelerated pursuant to Section 8.01 or otherwise.

“ **Moody’s** ” means Moody’s Investors Service, Inc., and any successor thereto.

“ **Multiemployer Plan** ” means a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

“ **Multiple Employer Plan** ” means a single employer plan, as defined in Section 4001(a)(15) of ERISA, which (a) is maintained for employees of the Borrower or an ERISA Affiliate and at least one Person other than the Borrower and its ERISA Affiliates, or (b) was so maintained and in respect of which the Borrower or an ERISA Affiliate could have liability under Section 4064 or 4069 of ERISA in the event that such plan has been or were to be terminated.

“ **NIPSCO** ” means Northern Indiana Public Service Company, an Indiana corporation.

“ **Non-Recourse Debt** ” means Indebtedness of the Guarantor or any of its Subsidiaries which is incurred in connection with the acquisition, construction, sale, transfer or other disposition of specific assets, to the extent recourse, whether contractual or as a matter of law, for non-payment of such Indebtedness is limited (a) to such assets or (b) if such assets are (or are to be) held by a Subsidiary formed solely for such purpose, to such Subsidiary or the Capital Stock of such Subsidiary.

“ **Obligations** ” means all amounts, direct or indirect, contingent or absolute, of every type or description, and at any time existing and whenever incurred (including, without limitation, after the commencement of any bankruptcy proceeding), owing to the Administrative Agent or any Lender pursuant to the terms of this Agreement or any other Credit Document.

“ **OFAC** ” means the Office of Foreign Assets Control of the U.S. Department of the Treasury.

“ **Other Connection Taxes** ” means, with respect to any Recipient, Taxes imposed as a result of a present or former connection between such Recipient and the jurisdiction imposing such Tax (other than connections arising from such Recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Credit Document, or sold or assigned an interest in any Loan or Credit Document).

“ **Other Taxes** ” means any and all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made hereunder or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement.

“ **Outstanding Loans** ” means, as to any Lender at any time, the aggregate principal amount of all Loans made or maintained by such Lender then outstanding.

“ **Parent** ” means, with respect to any Lender, any Person as to which such Lender is, directly or indirectly, a subsidiary.

“ **Participant** ” has the meaning set forth in Section 11.04.

“ **Participant Register** ” has the meaning set forth in Section 11.04.

“ **PBGC** ” means the Pension Benefit Guaranty Corporation referred to and defined in ERISA and any successor entity performing similar functions.

“ **Person** ” means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

“ **Plan** ” means any employee pension benefit plan (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 of the Code or Section 302 of ERISA, and in respect of which the Borrower or any ERISA Affiliate is (or, if such plan were terminated, would under Section 4069 of ERISA be deemed to be) an “employer” as defined in Section 3(5) of ERISA.

“ **Pricing Grid** ” means the pricing grid attached hereto as Annex A.

“ **Prime Rate** ” means the rate of interest *per annum* publicly announced from time to time by JPMorgan Chase Bank, N.A. as its prime rate in effect at its principal office in New York City; each change in the Prime Rate shall be effective from and including the date such change is publicly announced as being effective.

“ **Project** ” means an energy or power generation, transmission or distribution facility (including, without limitation, a thermal energy generation, transmission or distribution facility and an electric power generation, transmission or distribution facility (including, without limitation, a cogeneration facility)), a gas production, transportation or distribution facility, or a minerals extraction, processing or distribution facility, together with (a) all related electric power transmission, fuel supply and fuel transportation facilities and power supply, thermal energy supply, gas supply, minerals supply and fuel contracts, (b) other facilities, services or goods that are ancillary, incidental, necessary or reasonably related to the marketing, development, construction, management, servicing, ownership or operation of such facility, (c) contractual arrangements with customers, suppliers and contractors in respect of such facility, and (d) any infrastructure facility related to such facility, including, without limitation, for the treatment or management of waste water or the treatment or remediation of waste, pollution or potential pollutants.

“ **Project Financing** ” means Indebtedness incurred by a Project Financing Subsidiary to finance (a) the development and operation of the Project such Project Financing Subsidiary was formed to develop or (b) activities incidental thereto; *provided* that such Indebtedness does not include recourse to the Guarantor or any of its other Subsidiaries other than (x) recourse to the Capital Stock in any such Project Financing Subsidiary, and (y) recourse pursuant to a Contingent Guaranty.

“ **Project Financing Subsidiary** ” means any Subsidiary of the Guarantor (a) that (i) is not a Material Subsidiary, and (ii) whose principal purpose is to develop a Project and activities incidental thereto (including, without limitation, the financing and operation of such Project), or to become a partner, member or other equity participant in a partnership, limited liability company or other entity having such a principal purpose, and (b) substantially all the assets of which are limited to the assets relating to the Project being developed or Capital Stock in such partnership, limited liability company or other entity (and substantially all of the assets of any such partnership, limited liability company or other entity are limited to the assets relating to such Project); *provided* that such Subsidiary incurs no Indebtedness other than in respect of a Project Financing.

“ **Recipient** ” means, as applicable, (a) the Administrative Agent and (b) any Lender.

“ **Register** ” has the meaning set forth in Section 11.04.

“ **Related Parties** ” means, with respect to any specified Person, such Person’s Affiliates and the respective directors, officers, employees, agents, advisors and representatives of such Person and such Person’s Affiliates.

“ **Required Lenders** ” means, subject to the terms of Section 2.20, Lenders having more than 50% in aggregate amount of the Commitments, or if the Commitments shall have been terminated, of the aggregate amount of the Outstanding Loans of all Lenders.

“ **Responsible Officer** ” of a Credit Party means any of (a) the President, the chief financial officer, the chief accounting officer and the Treasurer of such Credit Party and (b) any other officer of such Credit Party whose responsibilities include monitoring compliance with this Agreement.

“ **Sanctioned Country** ” means, at any time, a country or territory which is the subject or target of any Sanctions.

“ **Sanctioned Person** ” means, at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by OFAC, the U.S. Department of State, the United Nations Security Council, the European Union or any EU member state, (b) any Person operating, organized or resident in a Sanctioned Country or (c) any Person controlled by any such Person.

“ **Sanctions** ” means economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by (a) the U.S. government, including those administered by OFAC or the U.S. Department of State or (b) the United Nations Security Council, the European Union or Her Majesty’s Treasury of the United Kingdom.

“ **S&P** ” means Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business.

“ **Subsidiary** ” means, with respect to any Person, any corporation or other entity of which at least a majority of the outstanding shares of stock or other ownership interests having by the terms thereof ordinary voting power to elect a majority of the board of directors or other managers of such corporation or other entity (irrespective of whether or not at the time stock or other equity interests of any other class or classes of such corporation or other entity shall have or might have voting power by reason of the happening of any contingency) is at the time directly or indirectly owned or controlled by such Person or one or more of the Subsidiaries of such Person.

“ **Substantial Subsidiaries** ” has the meaning set forth in Section 8.01.

“ **Syndication Agent** ” means CoBank, ACB, in its capacity as syndication agent for the Lenders hereunder.

“ **Taxes** ” means any and all present or future taxes, levies, imposts, duties, deductions, withholdings, assessments, fees or other charges imposed by any Governmental Authority, including any interest, penalties and additions to tax imposed thereon or in connection therewith.

“ **Transactions** ” means the execution, delivery and performance by the Borrower and the Guarantor of this Agreement and the Borrowing of Loans hereunder.

“ **Type** ”, when used in reference to any Loan or Borrowing, refers to whether the rate of interest on such Loan, or on the Loans comprising the Borrowing, is determined by reference to the LIBO Rate or the Alternate Base Rate.

“ **Utility Subsidiary** ” means a Subsidiary of the Guarantor that is subject to regulation by a Governmental Authority (federal, state or otherwise) having authority to regulate utilities, and any Wholly-Owned Subsidiary thereof.

“ **Wholly-Owned Subsidiary** ” means, with respect to any Person, any corporation or other entity of which all of the outstanding shares of stock or other ownership interests in which, other than directors’ qualifying shares (or the equivalent thereof), are at the time directly or indirectly owned or controlled by such Person or one or more of the Subsidiaries of such Person.

“ **Withdrawal Liability** ” means liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Sections 4201, 4203 and 4205 of ERISA.

SECTION 1.02. Classification of Loans and Borrowings. For purposes of this Agreement, Loans may be classified and referred to by Type (e.g., a “ **Eurodollar Loan** ”). Borrowings also may be classified and referred to by Type (e.g., a “ **Eurodollar Borrowing** ”).

SECTION 1.03. Terms Generally. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include”, “includes” and “including” shall be deemed to be followed by the phrase “without limitation”. The word “or” shall not be exclusive. The word “will” shall be construed to have the same meaning and effect as the word “shall”. The word “law” shall be construed as referring to all statutes, rules, regulations, codes and other laws (including official rulings and interpretations thereunder having the force of law or with which affected Persons customarily comply), and all judgments, orders and decrees, of all Governmental Authorities. Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, restated, supplemented or otherwise modified (subject to any restrictions on such amendments, restatements, supplements or modifications set forth herein), (b) any definition of or reference to any statute, rule or regulation shall be construed as referring thereto as from time to time amended, supplemented or otherwise modified (including by succession

of comparable successor laws), (c) any reference herein to any Person shall be construed to include such Person's successors and assigns, (d) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (e) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement and (f) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights. The terms "knowledge of", "awareness of" and "receipt of notice of" in relation to a Credit Party, and other similar expressions, mean knowledge of, awareness of, or receipt of notice by, a Responsible Officer of such Credit Party.

SECTION 1.04. Accounting Terms; GAAP. Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time; *provided* that, if the Borrower notifies the Administrative Agent that the Borrower requests an amendment to any provision hereof to eliminate the effect of any change occurring after the Effective Date in GAAP or in the application thereof on the operation of such provision (or if the Administrative Agent notifies the Borrower that the Required Lenders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith. Notwithstanding any other provision contained herein, all terms of an accounting or financial nature used herein shall be construed, and all computations of amounts and ratios referred to herein shall be made (i) without giving effect to any election under Accounting Standards Codification 825-10-25 (previously referred to as Statement of Financial Accounting Standards 159) (or any other Accounting Standards Codification or Financial Accounting Standard having a similar result or effect) to value any Indebtedness or other liabilities of the Borrower or any Subsidiary at "fair value", as defined therein and (ii) without giving effect to any treatment of Indebtedness in respect of convertible debt instruments under Financial Accounting Standards Board Staff Position APB 14-1 to value any such Indebtedness in a reduced or bifurcated manner as described therein, and such Indebtedness shall at all times be valued at the full stated principal amount thereof.

ARTICLE II THE CREDITS

SECTION 2.01. Commitments. Subject to the terms and conditions set forth herein, each Lender agrees to make a term loan to the Borrower in Dollars on the Effective Date in a single Borrowing in an aggregate principal amount equal to such Lender's Commitment. Amounts repaid or prepaid in respect of the Loans may not be reborrowed.

SECTION 2.02. Loans and Borrowing; Request for Borrowing.

(a) Each Loan shall be made as part of a Borrowing consisting of Loans made by the Lenders ratably in accordance with their respective Commitments. The failure of any Lender to make the Loan required to be made by it shall not relieve any other Lender of its obligations hereunder; provided that the Commitments of the Lenders are several and no Lender shall be responsible for any other Lender's failure to make its Loan as required.

(b) Subject to Section 2.14, each Borrowing shall be comprised entirely of ABR Loans or Eurodollar Loans or some combination thereof as the Borrower may request in accordance herewith. Each Lender at its option may make any Eurodollar Loan by causing any domestic or foreign branch or Affiliate of such Lender to make such Loan; provided that any exercise of such option shall not affect the obligation of the Borrower to repay such Loan in accordance with the terms of this Agreement.

(c) At the commencement of each Interest Period for any Eurodollar Borrowing, such Borrowing shall be in an aggregate amount that is an integral multiple of \$5,000,000 and not less than \$10,000,000. At the time that each ABR Borrowing is made, such Borrowing shall be in an aggregate amount that is an integral multiple of \$1,000,000; provided that an ABR Borrowing may be in an aggregate amount that is equal to the entire unused balance of the Aggregate Commitments. Borrowings of more than one Type may be outstanding at the same time; provided that there shall not at any time be more than a total of five Eurodollar Borrowings outstanding under this Agreement.

(d) To request a Borrowing, the Borrower shall notify the Administrative Agent of such request by telephone (i) in the case of a Eurodollar Borrowing, not later than 11:00 a.m., New York City time, three Business Days before the date of the proposed Borrowing; provided that the Administrative Agent shall have received a written indemnification letter substantially consistent with the terms of Section 2.16 concurrently with such request or (ii) in the case of an ABR Borrowing, not later than 10:00 a.m., New York City time, on the date of the proposed Borrowing. Borrowings on the Effective Date may be Eurodollar Borrowings. Such telephonic Borrowing Request shall be irrevocable and shall be confirmed promptly by hand delivery or telecopy to the Administrative Agent of a written Borrowing Request in substantially the form of Exhibit C (or such other form as shall be approved by the Administrative Agent) signed by an Authorized Officer of the Borrower. Each such telephonic and written Borrowing Request shall specify the following information:

- (i) the date of such Borrowing, which shall be a Business Day;

- (ii) whether such Borrowing is to be an ABR Borrowing or a Eurodollar Borrowing and the aggregate amount of each Type of Borrowing (if applicable); and
- (iii) in the case of a Eurodollar Borrowing, the initial Interest Period to be applicable thereto, which shall be a period contemplated by the definition of the term "Interest Period".

If no election as to the Type of Borrowing is specified, then the requested Borrowing shall be an ABR Borrowing. If no Interest Period is specified with respect to any requested Eurodollar Borrowing, then the Borrower shall be deemed to have selected an Interest Period of one month's duration. Promptly following receipt of the Borrowing Request in accordance with this Section, the Administrative Agent shall advise each Lender of the details thereof and of the amount of such Lender's Loan to be made as part of the requested Borrowing.

(e) Notwithstanding any other provision of this Agreement, the Borrower shall not be entitled to request, or to elect to convert or continue, any Eurodollar Borrowing if the Interest Period requested with respect thereto would end after the Maturity Date.

SECTION 2.03. [Intentionally Omitted].

SECTION 2.04. [Intentionally Omitted].

SECTION 2.05. Funding of Borrowings.

(a) Each Lender shall make the Loan to be made by it hereunder on the proposed date thereof by wire transfer of immediately available funds by 1:00 p.m., New York City time, to the account of the Administrative Agent designated by it for such purpose by notice to the Lenders. The Administrative Agent will make such Loans available to the Borrower by promptly crediting the amounts so received, in like funds, to an account established and maintained by the Borrower at the Administrative Agent's office in New York City.

(b) Unless the Administrative Agent shall have received notice from a Lender prior to the proposed time of any Borrowing that such Lender will not make available to the Administrative Agent such Lender's share of such Borrowing, the Administrative Agent may assume that such Lender has made such share available on such date in accordance with paragraph (a) of this Section and may, in reliance upon such assumption, make available to the Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Borrowing available to the Administrative Agent, then the applicable Lender and the Borrower severally agree to pay to the Administrative Agent forthwith on demand such corresponding amount with interest thereon, for each day from and including the date such amount is made available to the Borrower to but excluding the date of payment to the Administrative Agent, at (i) in the case of such Lender, the Federal Funds Effective Rate or (ii) in the case of the Borrower, the interest rate applicable to ABR Loans. If such Lender pays such amount to the Administrative Agent, then such amount shall constitute such Lender's Loan included in such Borrowing.

SECTION 2.06. Interest Elections.

(a) Each Borrowing initially shall be of the Type or Types specified in the Borrowing Request and, in the case of a Eurodollar Borrowing, shall have an initial Interest Period as specified in such Borrowing Request, subject to Section 2.02(d)(i). Thereafter, the Borrower may elect to convert such Borrowing to a different Type or to continue such Borrowing and, in the case of a Eurodollar Borrowing, may elect Interest Periods therefor, all as provided in this Section. The Borrower may elect different options with respect to different portions of such Borrowing, in which case each such portion shall be allocated ratably among the Lenders holding the Loans comprising such Borrowing, and the Loans comprising each such portion shall be considered a separate Borrowing.

(b) To make an election pursuant to this Section, the Borrower shall notify the Administrative Agent of such election by telephone by the time that a Borrowing Request would be required under Section 2.02 if the Borrower were requesting a Borrowing of the Type resulting from such election to be made on the effective date of such election; provided, however, with regard to any election pursuant to this Section 2.06 related to a Eurodollar Borrowing, notice of election shall be delivered not later than 11:00 a.m., New York City time, three (3) Business Days prior to effective date of such election. Each such telephonic Interest Election Request shall be irrevocable and shall be confirmed promptly by hand delivery or telecopy to the Administrative Agent of a written Interest Election Request in substantially the form of Exhibit G (or such other form as shall be approved by the Administrative Agent) and signed by the Borrower.

(c) Each telephonic and written Interest Election Request shall specify the following information in compliance with Section 2.02:

- (i) the Borrowing to which such Interest Election Request applies and, if different options are being elected with respect to different portions of such Borrowing, the portions thereof to be allocated to each resulting Type of

Borrowing (in which case the information to be specified pursuant to clauses (iii) and (iv) below shall be specified for each resulting Borrowing);

- (ii) the effective date of the election made pursuant to such Interest Election Request, which shall be a Business Day;
- (iii) whether the resulting Borrowing is to be an ABR Borrowing or a Eurodollar Borrowing; and
- (iv) if the resulting Borrowing is a Eurodollar Borrowing, the Interest Period to be applicable thereto after giving effect to such election, which shall be a period contemplated by the definition of the term "Interest Period".

If any such Interest Election Request requests a Eurodollar Borrowing but does not specify an Interest Period, then the Borrower shall be deemed to have selected an Interest Period of one month's duration.

(d) Promptly following receipt of an Interest Election Request, the Administrative Agent shall advise each Lender of the details thereof and of such Lender's portion of each resulting Type of Borrowing.

(e) If the Borrower fails to deliver a timely Interest Election Request with respect to a Eurodollar Borrowing prior to the end of the Interest Period applicable thereto, then, unless such portion of the Borrowing is repaid as provided herein, at the end of such Interest Period such portion of the Borrowing shall be converted to an ABR Borrowing. Notwithstanding any contrary provision hereof, if an Event of Default has occurred and is continuing and the Administrative Agent, at the request of the Required Lenders, so notifies the Borrower, then, so long as an Event of Default is continuing (i) no outstanding Borrowing may be converted to or continued as a Eurodollar Borrowing and (ii) unless repaid, each Eurodollar Borrowing shall be converted to an ABR Borrowing at the end of the Interest Period applicable thereto.

SECTION 2.07. Termination of Commitments. Unless previously terminated, the Commitments shall terminate at 5 p.m. Chicago Time on the Effective Date.

SECTION 2.08. [Reserved].

SECTION 2.09. [Reserved].

SECTION 2.10. Repayment of Loans; Evidence of Debt.

(a) The Borrower hereby unconditionally promises to pay to the Administrative Agent for the account of each Lender the then unpaid principal amount of each Loan on the Maturity Date.

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to such Lender resulting from the Loan made by such Lender, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(c) The Administrative Agent shall maintain accounts in which it shall record (i) the amount of each Loan made hereunder, the Type thereof and the Interest Period applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder and (iii) the amount of any sum received by the Administrative Agent hereunder for the account of the Lenders and each Lender's share thereof.

(d) The entries made in the accounts maintained pursuant to paragraph (b) or (c) of this Section shall be *prima facie* evidence of the existence and amounts of the obligations recorded therein; *provided* that the failure of any Lender or the Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrower to repay the Loans in accordance with the terms of this Agreement.

(e) Any Lender may request that Loans made by it be evidenced by a promissory note. In such event, the Borrower shall prepare, execute and deliver to such Lender a promissory note payable to the order of such Lender (or, if requested by such Lender, to such Lender and its registered assigns) and in substantially the form of Exhibit F. Thereafter, the Loans evidenced by such promissory note and interest thereon shall at all times (including after assignment pursuant to Section 11.04) be represented by one or more promissory notes in such form payable to the order of the payee named therein (or, if such promissory note is a registered note, to such payee and its registered assigns).

SECTION 2.11. Optional Prepayment of Loans.

(a) The Borrower shall have the right at any time and from time to time to prepay any Borrowing in whole or in part, subject to prior notice in accordance with paragraph (b) of this Section.

(b) The Borrower shall notify the Administrative Agent by telephone (confirmed by teletype) of any prepayment hereunder (i) in the case of prepayment of a Eurodollar Borrowing, not later than 11:00 a.m., New York City time, three Business Days before the date of prepayment or (ii) in the case of prepayment of an ABR Borrowing, not later than 11:00 a.m., New York City time, one Business Day before the date of prepayment. Each such notice shall be irrevocable and shall specify the prepayment date and the principal amount of each Borrowing or portion thereof to be prepaid. Each such telephonic notice of prepayment shall be confirmed promptly by hand delivery or teletype to the Administrative Agent of a prepayment notice in substantially the

form of Exhibit H (or such other form as shall be approved by the Administrative Agent) and signed by the Borrower. Promptly following receipt of any such notice relating to a Borrowing, the Administrative Agent shall advise the Lenders of the contents thereof. Each partial prepayment of any Borrowing shall be in an amount that would be permitted in the case of an advance of a Borrowing of the same Type as provided in Section 2.02, it being understood that the foregoing minimum shall not apply to the prepayment in whole of the outstanding Loans of all Lenders. Each prepayment of a Borrowing shall be applied ratably to the Loans included in the prepaid Borrowing. Prepayments shall be accompanied by accrued interest to the extent required by Section 2.13 and by any amounts payable under Section 2.16 in connection with such prepayment.

SECTION 2.12. Fees. The Borrower agrees to pay to the Arrangers and the Administrative Agent, in each case, for its own account and for the account of the other Persons entitled thereto, the fees provided for in the applicable fee letters dated July 18, 2014 and July 30, 2014, executed and delivered with respect to the credit facility provided for herein, in each case, in the amounts and at the times set forth therein and in immediately available funds. All fees payable hereunder shall be paid in immediately available funds. Fees due and paid shall not be refundable under any circumstances.

SECTION 2.13. Interest.

(a) The Loans comprising each ABR Borrowing shall bear interest at a rate *per annum* equal to the Alternate Base Rate plus the Applicable Rate.

(b) The Loans comprising each Eurodollar Borrowing shall bear interest at a rate *per annum* equal to the LIBO Rate for the Interest Period in effect for such Borrowing plus the Applicable Rate.

(c) Notwithstanding the foregoing, if any principal of or interest on any Loan or any fee or other amount payable by the Borrower hereunder is not paid when due, whether at stated maturity, upon acceleration or otherwise, such overdue amount shall bear interest, after as well as before judgment, at a rate *per annum* equal to (i) in the case of overdue principal of any Loan, 2% plus the rate otherwise applicable to such Loan as provided above or (ii) in the case of any other amount, 2% plus the rate applicable to ABR Loans as provided above.

(d) Accrued interest on each Loan shall be payable in arrears on each Interest Payment Date for such Loan; provided that (i) interest accrued pursuant to paragraph (c) of this Section shall be payable on demand, (ii) in the event of any repayment or prepayment of any Loan, accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment and (iii) in the event of any conversion of any Eurodollar Loan prior to the end of the current Interest Period therefor, accrued interest on such Loan shall be payable on the effective date of such conversion.

(e) All interest hereunder shall be computed on the basis of a year of 360 days, except that interest computed by reference to the Alternate Base Rate at times when the Alternate Base Rate is based on the Prime Rate shall be computed on the basis of a year of 365 days (or 366 days in a leap year), and in each case shall be payable for the actual number of days elapsed (including the first day but excluding the last day). The applicable Alternate Base Rate or LIBO Rate shall be determined by the Administrative Agent, and such determination shall be conclusive absent manifest error.

SECTION 2.14. Alternate Rate of Interest. If prior to the commencement of any Interest Period for a Eurodollar Borrowing:

(a) the Administrative Agent reasonably determines (which determination shall be conclusive absent manifest error) that adequate and reasonable means do not exist for ascertaining the LIBO Rate for such Interest Period; or

(b) the Administrative Agent is advised by the Required Lenders that the LIBO Rate for such Interest Period will not adequately and fairly reflect the cost to such Lenders of making or maintaining their Loans included in such Borrowing for such Interest Period;

then the Administrative Agent shall give notice thereof to the Borrower and the Lenders by telephone or telecopy as promptly as practicable thereafter and, until the Administrative Agent notifies the Borrower and the Lenders that the circumstances giving rise to such notice no longer exist, (i) any Interest Election Request that requests the conversion of any Borrowing to, or continuation of any Borrowing as, a Eurodollar Borrowing shall be ineffective and (ii) if any Borrowing Request requests a Eurodollar Borrowing, such Borrowing shall be made as an ABR Borrowing.

SECTION 2.15. Increased Costs. If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Lender (except any such reserve requirement described in paragraph (e) of this Section);

(ii) impose on any Lender or the London interbank market any other condition affecting this Agreement or Eurodollar Loans made by such Lender or participation therein; or

(iii) subject the Administrative Agent or any Lender to any Taxes (other than (A) Indemnified Taxes, (B) Taxes described in clauses (b) through (d) of the definition of Excluded Taxes and (C) Connection Income Taxes) imposed on or with respect to any payment made by or on account of any obligations of any Credit Party under the Credit Documents) on its loans, loan principal, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto;

and the result of any of the foregoing shall be to increase the cost to the Administrative Agent or such Lender of making, continuing, converting to or maintaining any Loan (or of maintaining its obligation to make any such Loan) or to reduce the amount of any sum received or receivable by the Administrative Agent or such Lender hereunder (whether of principal, interest or otherwise), then the Borrower will pay to the Administrative Agent or such Lender, as the case may be, such additional amount or amounts as will compensate the Administrative Agent or such Lender for such additional costs incurred or reduction suffered.

(a) If any Lender determines that any Change in Law regarding capital or liquidity requirements has or would have the effect of reducing the rate of return on such Lender's capital or on the capital of its holding company, if any, as a consequence of this Agreement to a level below that which such Lender or its holding company could have achieved but for such Change in Law (taking into consideration its policies and the policies of its holding company with respect to capital adequacy and liquidity), then from time to time the Borrower will pay to such Lender such additional amount or amounts as will compensate it or its holding company for any such reduction suffered.

(b) A certificate of a Lender setting forth the amount or amounts necessary to compensate it or its holding company as specified in paragraph (a) or (b) of this Section shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay the amount shown as due on any such certificate within 10 days after receipt thereof.

(c) Failure or delay on the part of any Lender to demand compensation pursuant to this Section shall not constitute a waiver of its right to demand such compensation; provided that the Borrower shall not be required to compensate a Lender pursuant to this Section for any increased costs or reductions incurred more than ninety days prior to the date that such Lender notifies the Borrower of the Change in Law giving rise to such increased costs or reductions and of its intention to claim compensation therefor; provided, further that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the ninety day period referred to above shall be extended to include the period of retroactive effect thereof.

(d) The Borrower shall pay (without duplication as to amounts paid under this Section 2.15) to each Lender, so long as such Lender shall be required under regulations of the Board to maintain reserves with respect to liabilities or assets consisting of or including Eurocurrency Liabilities, additional interest on the unpaid principal amount of each Eurodollar Loan of such Lender, from the date of such Loan until such principal amount is paid in full, at an interest rate per annum equal at all times to the remainder obtained by subtracting (i) the LIBO Rate for the Interest Period for such Loan from (ii) the rate obtained by dividing such LIBO Rate by a percentage equal to 100% minus the Eurodollar Rate Reserve Percentage of such Lender for such Interest Period, payable on each date on which interest is payable on such Loan. Such additional interest determined by such Lender and notified to the Borrower and the Administrative Agent, accompanied by the calculation of the amount thereof, shall be conclusive and binding for all purposes absent manifest error.

(e) If any Lender determines that any law has made it unlawful, or that any Governmental Authority has asserted that it is unlawful, for any Lender or its applicable lending office to make, maintain or fund Eurodollar Loans, or to determine or charge interest rates based upon the LIBO Rate, or any Governmental Authority has imposed material restrictions on the authority of such Lender to purchase or sell, or to take deposits of, Dollars in the London interbank market, then, on notice thereof by such Lender to the Borrower through the Administrative Agent, any obligation of such Lender to make or continue Eurodollar Loans or to convert ABR Loans to Eurodollar Loans shall be suspended until such Lender notifies the Administrative Agent and the Borrower that the circumstances giving rise to such determination no longer exist. Upon receipt of such notice, the Borrower shall, upon demand from such Lender (with a copy to the Administrative Agent), prepay or, if applicable, convert all Eurodollar Loans of such Lender to ABR Loans, either on the last day of the Interest Period therefor, if such Lender may lawfully continue to maintain such Eurodollar Loans to such day, or immediately, if such Lender may not lawfully continue to maintain such Eurodollar Loans. Upon any such prepayment or conversion, the Borrower shall also pay accrued interest on the amount so prepaid or converted.

SECTION 2.16. Break Funding Payments. In the event of (a) the payment of any principal of any Eurodollar Loan other than on the last day of an Interest Period applicable thereto (including as a result of an Event of Default), (b) the conversion of any Eurodollar Loan other than on the last day of the Interest Period applicable thereto, (c) the failure to borrow, convert, continue or prepay any Loan on the date specified in any notice delivered pursuant hereto, or (d) the assignment of any Eurodollar Loan other than on the last day of the Interest Period applicable thereto as a result of a request by the Borrower pursuant to Section 2.19, then, in any such event, the Borrower shall compensate each Lender for the loss, cost and expense attributable to such event. In the case of a Eurodollar Loan, the loss to any Lender attributable to any such event shall be deemed to include an amount reasonably determined by such Lender to be equal to the excess, if any, of (x) the amount of interest that such Lender would pay for a deposit equal to the principal amount of such Loan for the period from the date of such payment, conversion, failure or assignment to the

last day of the then current Interest Period for such Loan (or, in the case of a failure to borrow, convert or continue, the duration of the Interest Period that would have resulted from such borrowing, conversion or continuation) if the interest rate payable on such deposit were equal to the LIBO Rate for such Interest Period, over (y) the amount of interest that such Lender would earn on such principal amount for such period if such Lender were to invest such principal amount for such period at the interest rate that would be bid by such Lender (or an affiliate of such Lender) for dollar deposit from other banks in the eurodollar market at the commencement of such period. A certificate of any Lender setting forth any amount or amounts that such Lender is entitled to receive pursuant to this Section shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay such Lender the amount shown as due on any such certificate within 10 days after receipt thereof.

SECTION 2.17. Taxes.

(a) Any and all payments by or on account of any obligation of the Borrower hereunder shall be made free and clear of and without deduction for any Indemnified Taxes or Other Taxes; *provided* that if any Credit Party shall be required to deduct any Indemnified Taxes or Other Taxes from such payments, then (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section) the Administrative Agent or Lender (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (ii) such Credit Party shall make such deductions and (iii) such Credit Party shall pay the full amount deducted to the relevant Governmental Authority in accordance with applicable law.

(b) In addition, the Borrower shall pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law.

(c) The Borrower shall indemnify the Administrative Agent and each Lender, within 10 days after written demand therefor, for the full amount of any Indemnified Taxes or Other Taxes (and for any Taxes imposed or asserted on or attributable to amounts payable under this Section) paid by the Administrative Agent or such Lender, as the case may be, and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by a Lender or by the Administrative Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.

(d) As soon as practicable after any payment of Indemnified Taxes or Other Taxes by a Credit Party to a Governmental Authority, such Credit Party shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(e) Any Foreign Lender that is entitled to an exemption from or reduction of withholding tax under the laws of the jurisdiction in which the Borrower or the Guarantor is located, or any treaty to which such jurisdiction is a party, with respect to payments under this Agreement shall deliver to the Borrower (with an additional original or a photocopy, as required under applicable rules and procedures, to the Administrative Agent), at the time or times prescribed by applicable law or reasonably requested by the Borrower, such properly completed and executed documentation prescribed by applicable law as shall be necessary to permit such payments to be made without withholding or at a reduced rate. Further, in those circumstances as shall be necessary to allow payments hereunder to be made free of (or at a reduced rate of) withholding tax, each other Lender and the Administrative Agent, as applicable, shall deliver to Borrower such documentation as the Borrower may reasonably request in writing.

(f) Except with the prior written consent of the Administrative Agent, all amounts payable by a Credit Party hereunder shall be made by such Credit Party in its own name and for its own account from within the United States of America by a payor that is a United States person (within the meaning of Section 7701 of the Code).

(g) If a payment made to a Lender under any Credit Document would be subject to U.S. Federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471 (b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Borrower and the Administrative Agent at the time or times prescribed by Law and at such time or times reasonably requested by the Borrower or the Administrative Agent such documentation prescribed by applicable Law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrower or the Administrative Agent as may be necessary for the Borrower and the Administrative Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (g), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

SECTION 2.18. Payments Generally; Pro Rata Treatment; Sharing of Set-Offs.

(a) The Borrower shall make each payment required to be made by it hereunder (whether of principal, interest or fees, or under Section 2.15, 2.16, 2.17 or 11.03, or otherwise) prior to 12:00 noon, New York City time, on the date when due, in immediately available funds, without set-off or counterclaim. Any amounts received after such time on any date may, in the discretion of the Administrative Agent, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made to the Administrative Agent at its office listed in Section 11.01(b),

except that payments pursuant to Sections 2.15, 2.16, 2.17 and 11.03 shall be made directly to the Persons entitled thereto. The Administrative Agent shall distribute any such payments received by it for the account of any other Person to the appropriate recipient promptly following receipt thereof. If any payment hereunder shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day, and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension. All payments hereunder shall be made in Dollars.

(b) If at any time insufficient funds are received by and available to the Administrative Agent to pay fully all amounts of principal, interest and fees then due hereunder, such funds shall be applied (i) first, to pay interest and fees then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of interest and fees then due to such parties, and (ii) second, to pay principal then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of principal then due to such parties.

(c) If any Lender shall, by exercising any right of set-off or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of the Obligations owing to it resulting in such Lender receiving payment of a greater proportion of the aggregate amount of such Obligations and accrued interest thereon than the proportion received by any other Lender, then the Lender receiving such greater proportion shall purchase (for cash at face value) participations in the Loans of, or other Obligations owing to, other Lenders to the extent necessary so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Loans or other Obligations, as applicable; *provided* that (i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest, and (ii) the provisions of this paragraph shall not be construed to apply to any payment made by the Borrower pursuant to and in accordance with the express terms of this Agreement or any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans to any assignee or participant, other than to the Guarantor, the Borrower or any other Subsidiary or Affiliate of the Guarantor (as to which the provisions of this paragraph shall apply). The Borrower and the Guarantor consent to the foregoing and agree, to the extent they may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against the Borrower and the Guarantor rights of set-off and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of the Borrower or the affected Guarantor in the amount of such participation.

(d) Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders hereunder that the Borrower will not make such payment, the Administrative Agent may assume that the Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders the amount due. In such event, if the Borrower has not in fact made such payment, then each of the Lenders severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the Federal Funds Effective Rate.

(e) If any Lender shall fail to make any payment required to be made by it pursuant to Section 2.05(b) or 2.18(d), then the Administrative Agent may, in its discretion (notwithstanding any contrary provision hereof), apply any amounts thereafter received by the Administrative Agent for the account of such Lender to satisfy such Lender's obligations under such Sections until all such unsatisfied obligations are fully paid.

(f) None of the funds or assets of the Borrower that are used to pay any amount due pursuant to this Agreement shall constitute funds obtained from transactions with or relating to Anti-Corruption Laws or Sanctions.

SECTION 2.19. Mitigation Obligations; Replacement of Lenders.

(a) Any Lender claiming reimbursement or compensation from the Borrower under either of Sections 2.15 and 2.17 for any losses, costs or other liabilities shall use reasonable efforts (including, without limitation, reasonable efforts to designate a different lending office of such Lender for funding or booking its Loans or to assign its rights and obligations hereunder to another of its offices, branches or affiliates) to mitigate the amount of such losses, costs and other liabilities, if such efforts can be made and such mitigation can be accomplished without such Lender suffering (i) any economic disadvantage for which such Lender does not receive full indemnity from the Borrower under this Agreement or (ii) otherwise be disadvantageous to such Lender.

(b) In determining the amount of any claim for reimbursement or compensation under Sections 2.15 and 2.17, each Lender will use reasonable methods of calculation consistent with such methods customarily employed by such Lender in similar situations.

(c) Each Lender will notify the Borrower either directly or through the Administrative Agent of any event giving rise to a claim under Section 2.15 or Section 2.17 promptly after the occurrence thereof which notice shall be accompanied by a certificate of such Lender setting forth in reasonable detail the circumstances of such claim.

(d) If any Lender requests compensation under Section 2.15, or if the Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.17, or if any Lender becomes a Defaulting Lender, then the Borrower may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the

restrictions contained in Section 11.04, provided that the Administrative Agent may, in its sole discretion, elect to waive the \$3,500 processing and recordation fee in connection therewith), all its interests, rights and obligations under this Agreement to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); *provided* that (i) the Borrower shall have received the prior written consent of the Administrative Agent, which consent shall not unreasonably be withheld, (ii) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder, from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other amounts) and (iii) in the case of any such assignment resulting from a claim for compensation under Section 2.15 or payments required to be made pursuant to Section 2.17, such assignment will result in a reduction in such compensation or payments. A Lender shall not be required to make any such assignment and delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply.

SECTION 2.20. Defaulting Lenders.

Notwithstanding any provision of this Agreement to the contrary, if any Lender becomes a Defaulting Lender, then the following provisions shall apply for so long as such Lender is a Defaulting Lender, the Outstanding Loans of such Defaulting Lender shall not be included in determining whether the Required Lenders have taken or may take any action hereunder (including any consent to any amendment, waiver or other modification pursuant to Section 11.02); provided, that this Section 2.20 shall not apply to the vote of a Defaulting Lender in the case of an amendment, waiver or other modification requiring the consent of such Lender or each Lender affected thereby

In the event that the Administrative Agent and the Borrower agree that a Defaulting Lender has adequately remedied all matters that caused such Lender to be a Defaulting Lender, then the Applicable Percentage of the Lenders shall be readjusted to reflect the inclusion of such Lender's Commitment and on such date such Lender shall purchase at par such of the Loans of the other Lenders as the Administrative Agent shall determine may be necessary in order for such Lender to hold such Loans in accordance with its Applicable Percentage.

ARTICLE III CONDITIONS

SECTION 3.01. Conditions Precedent to the Effectiveness of this Agreement. This Agreement shall not become effective until the date on which each of the following conditions is satisfied (or waived in accordance with Section 11.02).

(a) The Administrative Agent (or its counsel) shall have received from each party thereto either (i) a counterpart of this Agreement signed on behalf of such party or (ii) written evidence satisfactory to the Administrative Agent (which may include facsimile or electronic transmission of a signed signature page of this Agreement) that such party has signed a counterpart of this Agreement.

(b) The Lenders, the Administrative Agent, the Arrangers and each other Person entitled to the payment of fees or the reimbursement or payment of expenses, pursuant hereto or to certain fee letters executed and delivered with respect to the credit facility provided for herein, shall have received all fees required to be paid by the Effective Date (including, without limitation, all fees owing on the Effective Date under Section 2.12 hereof), and all expenses for which invoices have been presented on or before the Effective Date.

(c) The Administrative Agent shall have received certified copies of the resolutions of the Board of Directors of each of the Guarantor and the Borrower approving this Agreement, and of all documents evidencing other necessary corporate action and governmental and regulatory approvals with respect to this Agreement.

(d) The Administrative Agent shall have received from each of the Borrower and the Guarantor, to the extent generally available in the relevant jurisdiction, a copy of a certificate or certificates of the Secretary of State (or other appropriate public official) of the jurisdiction of its incorporation, dated reasonably near the Effective Date, (i) listing the charters of the Borrower or the Guarantor, as the case may be, and each amendment thereto on file in such office and certifying that such amendments are the only amendments to the Borrower's or the Guarantor's charter, as the case may be, on file in such office, and (ii) stating, in the case of the Borrower, that the Borrower is authorized to transact business under the laws of the jurisdiction of its place of incorporation, and, in the case of the Guarantor, that the Guarantor is duly incorporated and in good standing under the laws of the jurisdiction of its place of incorporation.

(e) (i) The Administrative Agent shall have received a certificate or certificates of each of the Borrower and the Guarantor, signed on behalf of the Borrower and the Guarantor respectively, by a the Secretary, an Assistant Secretary or a Responsible Officer thereof, dated the Effective Date, certifying as to (A) the absence of any amendments to the charter of the Borrower or the Guarantor, as the case may be, since the date of the certificates referred to in paragraph (d) above, (B) a true and correct copy of the bylaws of each of the Borrower or the Guarantor, as the case may be, as in effect on the Effective Date, (C) the absence of any proceeding for the dissolution or liquidation of the Borrower or the Guarantor, as the case may be, (D) the truth,

in all material respects, of the representations and warranties contained in the Credit Documents to which the Borrower or the Guarantor is a party, as the case may be, as though made on and as of the Effective Date, and (E) the absence, as of the Effective Date, of any Default or Event of Default; and (ii) each of such certifications shall be true.

(f) The Administrative Agent shall have received a certificate of the Secretary or an Assistant Secretary of each of the Guarantor and the Borrower certifying the names and true signatures of the officers of Guarantor or the Borrower, as the case may be, authorized to sign, and signing, this Agreement and the other Credit Documents to be delivered hereunder on or before the Effective Date.

(g) The Administrative Agent shall have received from Schiff Hardin LLP, counsel for the Guarantor and the Borrower, a favorable opinion, substantially in the form of Exhibit B hereto and as to such other matters as any Lender through the Administrative Agent may reasonably request.

SECTION 3.02. Conditions Precedent to Each Extension of Credit. The obligation of each Lender to make any Extension of Credit (including the initial Extension of Credit but excluding any conversion or continuation of any Loan) shall be subject to the satisfaction (or waiver in accordance with Section 11.02) of each of the following conditions:

(a) The representations and warranties of the Guarantor and the Borrower set forth in this Agreement (other than the representation and warranty set forth in Section 4.01(g)) shall be true and correct in all material respects on and as of the date of such Extension of Credit, except to the extent that such representations and warranties are specifically limited to a prior date, in which case such representations and warranties shall be true and correct in all material respects on and as of such prior date provided, that, in each case, such materiality qualifier shall not be applicable to any representations and warranties that are already qualified or modified by “materiality,” “Material Adverse Effect” or similar language in the text thereof.

(b) Such Extension of Credit will comply with all other applicable requirements of Article II, including, without limitation Sections 2.01 and 2.02, as applicable.

(c) At the time of and immediately after giving effect to such Extension of Credit, no Default or Event of Default shall have occurred and be continuing.

(d) The Administrative Agent shall have timely received a Borrowing Request.

Each Extension of Credit and the acceptance by the Borrower of the benefits thereof shall be deemed to constitute a representation and warranty by the Borrower on the date thereof as to the matters specified in paragraphs (a), (b) and (c) of this Section.

ARTICLE IV REPRESENTATIONS AND WARRANTIES

SECTION 4.01. Representations and Warranties of the Credit Parties. Each of the Borrower and the Guarantor represents and warrants as follows:

(a) Each of the Borrower and the Guarantor is a corporation duly organized, validly existing and, in the case of the Borrower, authorized to transact business under the laws of the State of its incorporation, and, in the case of the Guarantor, in good standing under the laws of the State of its incorporation.

(b) The execution, delivery and performance by each of the Credit Parties of the Credit Documents to which it is a party (i) are within such Credit Party’s corporate powers, (ii) have been duly authorized by all necessary corporate action, (iii) do not contravene (A) such Credit Party’s charter or by-laws, as the case may be, or (B) any law, rule or regulation, or any material Contractual Obligation or legal restriction, binding on or affecting such Credit Party or any Material Subsidiary, as the case may be, and (iv) do not require the creation of any Lien on the property of such Credit Party or any Material Subsidiary under any Contractual Obligation binding on or affecting such Credit Party or any Material Subsidiary.

(c) No authorization or approval or other action by, and no notice to or filing with, any Governmental Authority or other Person is required for the due execution, delivery and performance by any Credit Party of this Agreement or any other Credit Document to which any of them is a party, except for such as (i) have been obtained or made and that are in full force and effect or (ii) are not presently required under applicable law and have not yet been applied for.

(d) Each Credit Document to which any Credit Party is a party is a legal, valid and binding obligation of such Credit Party, enforceable against such Credit Party in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors’ rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

(e) The consolidated balance sheet of the Guarantor and its Subsidiaries dated as of December 31, 2013, and the related statements of income and retained earnings of the Guarantor and its Subsidiaries for the fiscal year then ended, copies of which have been made available or furnished to each Lender, fairly present the financial condition of the Guarantor and its Subsidiaries as at such date and the results of the operations of the Guarantor and its Subsidiaries for the period ended on such date, all in accordance with generally accepted accounting principles consistently applied.

(f) The unaudited consolidated balance sheet of the Guarantor and its Subsidiaries as at June 30, 2014, and the related statements of income and retained earnings of the Guarantor and its Subsidiaries for the six-month period then ended, copies of which have been made available or furnished to each Lender, fairly present (subject to year end audit adjustments) the financial condition of the Guarantor and its Subsidiaries as at such date and the results of the operations of the Guarantor and its Subsidiaries for the period ended on such date, all in accordance with generally accepted accounting principles consistently applied.

(g) Since December 31, 2013, there has been no material adverse change in such condition or operations, or in the business, assets, operations, condition (financial or otherwise) or prospects of any of the Credit Parties or of Columbia.

(h) There is no pending or threatened action, proceeding or investigation affecting such Credit Party before any court, governmental agency or other Governmental Authority or arbitrator that (taking into account the exhaustion of appeals) would have a Material Adverse Effect, or that (i) purports to affect the legality, validity or enforceability of this Agreement or any promissory notes executed pursuant hereto, or (ii) seeks to prohibit the ownership or operation, by any Credit Party or any of their respective Material Subsidiaries, of all or a material portion of their respective businesses or assets.

(i) The Guarantor and its Subsidiaries, taken as a whole, do not hold or carry Margin Stock having an aggregate value in excess of 10% of the value of their consolidated assets, and no part of the proceeds of any Loan hereunder will be used to buy or carry any Margin Stock.

(j) No ERISA Event has occurred, or is reasonably expected to occur, with respect to any Plan that could reasonably be expected to have a Material Adverse Effect.

(k) Schedule B (Actuarial Information) to the 2013 Annual report (Form 5500 Series) for each Plan, copies of which have been filed with the Internal Revenue Service and made available or furnished to each Lender, is complete and accurate and fairly presents the funding status of such Plan, and since the date of such Schedule B there has been no adverse change in such funding status which may reasonably be expected to have a Material Adverse Effect.

(l) Neither the Guarantor nor any ERISA Affiliate has incurred or is reasonably expected to incur any Withdrawal Liability to any Multiemployer Plan which may reasonably be expected to have a Material Adverse Effect.

(m) Neither the Guarantor nor any ERISA Affiliate has been notified by the sponsor of a Multiemployer Plan that such Multiemployer Plan is in reorganization or has been terminated, within the meaning of Title VI of ERISA, and no Multiemployer Plan is reasonably expected to be in reorganization or to be terminated, within the meaning of Title IV of ERISA, in either such case, that could reasonably be expected to have a Material Adverse Effect.

(n) No Credit Party is an "investment company", or a company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended.

(o) Each Credit Party has filed all tax returns (Federal, state and local) required to be filed by it and has paid or caused to be paid all taxes due for the periods covered thereby, including interest and penalties, except for any such taxes, interest or penalties which are being contested in good faith and by proper proceedings and in respect of which such Credit Party has set aside adequate reserves for the payment thereof in accordance with GAAP.

(p) Each Credit Party and its Subsidiaries are and have been in compliance with all laws (including, without limitation, all Environmental Laws), except to the extent that any failure to be in compliance, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

(q) No Subsidiary of any Credit Party is party to, or otherwise bound by, any agreement that prohibits such Subsidiary from making any payments, directly or indirectly, to such Credit Party, by way of dividends, advances, repayment of loans or advances, reimbursements of management or other intercompany charges, expenses and accruals or other returns on investment, or any other agreement that restricts the ability of such Subsidiary to make any payment, directly or indirectly, to such Credit Party, other than prohibitions and restrictions permitted to exist under Section 6.01(e).

(r) The information, exhibits and reports furnished by the Guarantor or any of its Subsidiaries to the Administrative Agent or to any Lender in connection with the negotiation of, or compliance with, the Credit Documents, taken as a whole, do not contain any material misstatement of fact and do not omit to state a material fact or any fact necessary to make the statements contained therein not misleading in light of the circumstances made.

(s) Each Credit Party and its Subsidiaries have implemented and maintain in effect policies and procedures reasonably designed to ensure compliance by each Credit Party and its Subsidiaries and their respective directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions, and each Credit Party and its Subsidiaries and their respective officers and employees and to the knowledge of such Credit Party and its Subsidiaries, its respective directors and agents, are in compliance with Anti-Corruption Laws and applicable Sanctions in all material respects. None of (a) the Credit Parties or its Subsidiaries or to the knowledge of such Credit Party or its Subsidiaries, any of their respective directors, officers or employees, or (b) to the knowledge of the Credit Parties, any agent of the Credit Parties or any of their respective Subsidiaries that will act in any capacity in connection with or benefit from the credit facility established hereby, is a Sanctioned Person. No Borrowing, use of proceeds or other Transactions will violate Anti-Corruption Laws or applicable Sanctions.

ARTICLE V
AFFIRMATIVE COVENANTS

SECTION 5.01. Affirmative Covenants. So long as any Lender shall have any Commitment hereunder or any principal of any Loan, interest or fees payable hereunder shall remain unpaid, each of the Credit Parties will, unless the Required Lenders shall otherwise consent in writing:

(a) **Compliance with Laws, Etc.** (i) Comply, and cause each of its Subsidiaries to comply, in all material respects with all applicable laws, rules, regulations and orders (including, without limitation, any of the foregoing relating to employee health and safety or public utilities and all Environmental Laws), unless the failure to so comply could not reasonably be expected to have a Material Adverse Effect and (ii) maintain in effect and enforce policies and procedures reasonably designed to ensure compliance by each Credit Party and its Subsidiaries and their respective directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions.

(b) **Maintenance of Properties, Etc.** Maintain and preserve, and cause each Material Subsidiary to maintain and preserve, all of its material properties which are used in the conduct of its business in good working order and condition, ordinary wear and tear excepted, if the failure to do so could reasonably be expected to have a Material Adverse Effect.

(c) **Payment of Taxes, Etc.** Pay and discharge, and cause each of its Subsidiaries to pay and discharge, before the same shall become delinquent, (i) all taxes, assessments and governmental charges or levies imposed upon it or upon its property, and (ii) all legal claims which, if unpaid, might by law become a lien upon its property; *provided, however*, that neither any Credit Party nor any of its Subsidiaries shall be required to pay or discharge any such tax, assessment, charge or claim which is being contested in good faith and by proper proceedings and as to which appropriate reserves are being maintained.

(d) **Maintenance of Insurance .** Maintain, and cause each of its Subsidiaries to maintain, insurance with responsible and reputable insurance companies or associations in such amounts and covering such risks as is usually obtained by companies engaged in similar businesses of comparable size and financial strength and owning similar properties in the same general areas in which such Credit Party or such Subsidiary operates, or, to the extent such Credit Party or Subsidiary deems it reasonably prudent to do so, through its own program of self-insurance.

(e) **Preservation of Corporate Existence, Etc.** Preserve and maintain, and cause each Material Subsidiary to preserve and maintain, its corporate existence, rights (charter and statutory) and franchises, except as otherwise permitted under this Agreement; *provided that* that no such Person shall be required to preserve any right or franchise with respect to which the Board of Directors of such Person has determined that the preservation thereof is no longer desirable in the conduct of the business of such Person and that the loss thereof is not disadvantageous in any material respect to any Credit Party or the Lenders.

(f) **Visitation Rights .** At any reasonable time and from time to time, permit the Administrative Agent or any of the Lenders or any agents or representatives thereof, on not less than five Business Days' notice (which notice shall be required only so long as no Default shall be occurred and be continuing), to examine and make copies of and abstracts from the records and books of account of, and visit the properties of, such Credit Party or any of its Subsidiaries, and to discuss the affairs, finances and accounts of the Credit Parties and their respective Subsidiaries with any of their respective officers and with their independent certified public accountants; subject, however, in all cases to the imposition of such conditions as the affected Credit Party or Subsidiary shall deem necessary based on reasonable considerations of safety and security and provided that so long as no Default or Event of Default shall have occurred and be continuing, each Lender will be limited to one visit each year.

(g) **Keeping of Books .** (i) Keep, and cause each of its Subsidiaries to keep, proper books of record and account, in which full and correct entries shall be made of all material financial transactions and the assets and business of each of the Credit Parties and each of their respective Subsidiaries, and (ii) maintain, and cause each of its Subsidiaries to maintain, a system of accounting established and administered in accordance with generally accepted accounting principles consistently applied.

(h) **Reporting Requirements .** Deliver to the Administrative Agent for distribution to the Lenders:

(i) as soon as available and in any event within 60 days after the end of each of the first three quarters of each fiscal year of the Guarantor (or, if earlier, concurrently with the filing thereof with the Securities and Exchange Commission or any national securities exchange in accordance with applicable law or regulation), commencing with the fiscal quarter ending September 30, 2014, balance sheets and cash flow statements of the Guarantor and its Consolidated Subsidiaries in comparative form as of the end of such quarter and statements of income and retained earnings of the Guarantor and its Consolidated Subsidiaries for the period commencing at the end of the previous fiscal year of the Guarantor and ending with the end of such quarter, each prepared in accordance with generally accepted accounting principles consistently applied, subject to normal year-end audit adjustments, certified by the chief financial officer of the Guarantor.

(ii) as soon as available and in any event within 90 days after the end of each fiscal year of the Guarantor (or, if earlier, concurrently with the filing thereof with the Securities and Exchange Commission or any national securities exchange in accordance with applicable law or regulation), commencing with the fiscal year ending December 31, 2014, a copy of the audit report for such year for the Guarantor and its Consolidated Subsidiaries containing balance sheets and cash flow statements of the Guarantor and its Consolidated Subsidiaries and statements of income and retained earnings

of the Guarantor and its Consolidated Subsidiaries for such year prepared in accordance with generally accepted accounting principles consistently applied as reported on by independent certified public accountants of recognized national standing acceptable to the Required Lenders, which audit was conducted by such accounting firm in accordance with generally accepted auditing standards;

(iii) concurrently with the delivery of financial statements pursuant to clauses (i) and (ii) above or the notice relating thereto contemplated by the final sentence of this Section 5.01(h), a certificate of a senior financial officer of each of the Guarantor and the Borrower (A) to the effect that no Default or Event of Default has occurred and is continuing (or, if any Default or Event of Default has occurred and is continuing, describing the same in reasonable detail and describing the action that the Guarantor or the Borrower, as the case may be, has taken and proposes to take with respect thereto), and (B) in the case of the certificate relating to the Guarantor, setting forth calculations, in reasonable detail, establishing Borrower's compliance, as at the end of such fiscal quarter, with the financial covenant contained in Article VII;

(iv) as soon as possible and in any event within five days after the occurrence of each Default or Event of Default continuing on the date of such statement, a statement of the chief financial officer of the Borrower setting forth details of such Event of Default or event and the action which the Borrower has taken and proposes to take with respect thereto;

(v) promptly after the sending or filing thereof, copies of all reports which the Guarantor sends to its stockholders, and copies of all reports and registration statements (other than registration statements filed on Form S-8) that the Guarantor, the Borrower or any Subsidiary of the Guarantor or the Borrower, files with the Securities and Exchange Commission;

(vi) promptly and in any event within 10 days after the Guarantor knows or has reason to know that any material ERISA Event has occurred, a statement of the chief financial officer of the Borrower describing such ERISA Event and the action, if any, which the Guarantor or any affected ERISA Affiliate proposes to take with respect thereto;

(vii) promptly and in any event within two Business Days after receipt thereof by the Guarantor (or knowledge being obtained by the Guarantor of the receipt thereof by any ERISA Affiliate), copies of each notice from the PBGC stating its intention to terminate any Plan or to have a trustee appointed to administer any Plan;

(viii) promptly and in any event within five Business Days after receipt thereof by the Guarantor (or knowledge being obtained by the Guarantor of the receipt thereof by any ERISA Affiliate) from the sponsor of a Multiemployer Plan, a copy of each notice received by the Guarantor or any ERISA Affiliate concerning (A) the imposition of material Withdrawal Liability by a Multiemployer Plan, (B) the reorganization or termination, within the meaning of Title IV of ERISA, of any Multiemployer Plan or (C) the amount of liability incurred, or which may be incurred, by the Guarantor or any ERISA Affiliate in connection with any event described in clause (A) or (B) above;

(ix) promptly after the Guarantor has knowledge of the commencement thereof, notice of any actions, suits and proceedings before any court or governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, affecting the Guarantor or any Material Subsidiary of the type described in Section 4.01(h);

(x) promptly after the Guarantor or the Borrower knows of any change in the rating of the Index Debt by S&P or Moody's, a notice of such changed rating; and

(xi) such other information respecting the condition or operations, financial or otherwise, of the Guarantor or any of its Subsidiaries as any Lender through the Administrative Agent may from time to time reasonably request.

Notwithstanding the foregoing, the Credit Parties' obligations to deliver the documents or information required under any of clauses (i), (ii) and (v) above shall be deemed to be satisfied upon (x) the relevant documents or information being publicly available on the Guarantor's website or other publicly available electronic medium (such as EDGAR) within the time period required by such clause, and (y) the delivery by the Guarantor or the Borrower of notice to the Administrative Agent and the Lenders, within the time period required by such clause, that such documents or information are so available.

(i) **Use of Proceeds** . Use the proceeds of the Loans hereunder for working capital and other general corporate purposes, including refinancing of existing indebtedness and not request any Borrowing, nor use, and shall procure that its Subsidiaries and its or their respective directors, officers, employees and agents shall not use, the proceeds of any Borrowing directly or indirectly (i) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any Anti-Corruption Laws, (ii) for the purpose of funding, financing or facilitating any activities, business or transaction of or with any Sanctioned Person, or in any Sanctioned Country or (iii) in any manner that would result in the violation of any Sanctions applicable to any party hereto.

(j) **Ratings** . At all times maintain ratings by both Moody's and S&P with respect to the Index Debt.

ARTICLE VI
NEGATIVE COVENANTS

SECTION 6.01. Negative Covenants. So long as any Lender shall have any Commitment hereunder or any principal of any Loan, interest or fees payable hereunder shall remain unpaid, no Credit Party will, without the written consent of the Required Lenders:

(a) **Limitation on Liens** . Create or suffer to exist, or permit any of its Subsidiaries (other than a Utility Subsidiary) to create or suffer to exist, any lien, security interest, or other charge or encumbrance (collectively, “**Liens**”) upon or with respect to any of its properties, whether now owned or hereafter acquired, or collaterally assign for security purposes, or permit any of its Subsidiaries (other than a Utility Subsidiary) to so assign any right to receive income in each case to secure or provide for or guarantee the payment of Debt for Borrowed Money of any Person, without in any such case effectively securing, prior to or concurrently with the creation, issuance, assumption or guaranty of any such Debt for Borrowed Money, the Obligations (together with, if the Guarantor shall so determine, any other Debt for Borrowed Money of or guaranteed by the Guarantor or any of its Subsidiaries ranking equally with the Loans and then existing or thereafter created) equally and ratably with (or prior to) such Debt for Borrowed Money; *provided, however*, that the foregoing restrictions shall not apply to or prevent the creation or existence of:

(i) (A) Liens on any property acquired, constructed or improved by the Guarantor or any of its Subsidiaries (other than a Utility Subsidiary) after the date of this Agreement that are created or assumed prior to, contemporaneously with, or within 180 days after, such acquisition or completion of such construction or improvement, to secure or provide for the payment of all or any part of the purchase price of such property or the cost of such construction or improvement; or (B) in addition to Liens contemplated by clauses (ii) and (iii) below, Liens on any property existing at the time of acquisition thereof, provided that the Liens shall not apply to any property theretofore owned by the Guarantor or any such Subsidiary other than, in the case of any such construction or improvement, (1) unimproved real property on which the property so constructed or the improvement is located, (2) other property (or improvements thereon) that is an improvement to or is acquired or constructed for specific use with such acquired or constructed property (or improvement thereof), and (3) any rights and interests (A) under any agreements or other documents relating to, or (B) appurtenant to, the property being so constructed or improved or such other property;

(ii) existing Liens on any property or indebtedness of a corporation that is merged with or into or consolidated with any Credit Party or any of its Subsidiaries; *provided* that such Lien was not created in contemplation of such merger or consolidation;

(iii) Liens on any property or indebtedness of a corporation existing at the time such corporation becomes a Subsidiary of any Credit Party; *provided* that such Lien was not created in contemplation of such occurrence;

(iv) Liens to secure Debt for Borrowed Money of a Subsidiary of a Credit Party to a Credit Party or to another Subsidiary of the Guarantor;

(v) Liens in favor of the United States of America, any State, any foreign country or any department, agency or instrumentality or political subdivision of any such jurisdiction, to secure partial, progress, advance or other payments pursuant to any contract or statute or to secure any Debt for Borrowed Money incurred for the purpose of financing all or any part of the purchase price of the cost of constructing or improving the property subject to such Liens, including, without limitation, Liens to secure Debt for Borrowed Money of the pollution control or industrial revenue bond type;

(vi) Liens on any property (including any natural gas, oil or other mineral property) to secure all or part of the cost of exploration, drilling or development thereof or to secure Debt for Borrowed Money incurred to provide funds for any such purpose;

(vii) Liens existing on the date of this Agreement;

(viii) Liens for the sole purposes of extending, renewing or replacing in whole or in part Debt for Borrowed Money secured by any Lien referred to in the foregoing clauses (i) through (vii), inclusive, or this clause (viii); *provided, however*, that the principal amount of Debt for Borrowed Money secured thereby shall not exceed the principal amount of Debt for Borrowed Money so secured at the time of such extension, renewal or replacement (which, for purposes of this limitation as it applies to a synthetic lease, shall be deemed to be (x) the lessor’s original cost of the property subject to such lease at the time of extension, renewal or replacement, *less* (y) the aggregate amount of all prior payments under such lease allocated pursuant to the terms of such lease to reduce the principal amount of the lessor’s investment, and borrowings by the lessor, made to fund the original cost of the property), and that such extension, renewal or replacement shall be limited to all or a part of the property or indebtedness which secured the Lien so extended, renewed or replaced (plus improvements on such property);

(ix) Liens on any property or assets of a Project Financing Subsidiary, or on any Capital Stock in a Project Financing Subsidiary, in either such case, that secure only a Project Financing or a Contingent Guaranty that supports a Project Financing; or

(x) Any Lien, other than a Lien described in any of the foregoing clauses (i) through (ix), inclusive, to the extent that it secures Debt for Borrowed Money, or guaranties thereof, the outstanding principal balance of which at the

time of creation of such Lien, when added to the aggregate principal balance of all Debt for Borrowed Money secured by Liens incurred under this clause (x) then outstanding, does not exceed \$150,000,000.

If at any time any Credit Party or any of its Subsidiaries shall create, issue, assume or guaranty any Debt for Borrowed Money secured by any Lien and the first paragraph of this Section 6.01(a) requires that the Loans be secured equally and ratably with such Debt for Borrowed Money, the Borrower shall promptly deliver to the Administrative Agent and each Lender:

(1) a certificate of a duly authorized officer of the Borrower stating that the covenant contained in the first paragraph of this Section 6.01(a) has been complied with; and

(2) an opinion of counsel acceptable to the Required Lenders to the effect that such covenant has been complied with and that all documents executed by any Credit Party or any of its Subsidiaries in the performance of such covenant comply with the requirements of such covenant.

(b) **Mergers, Etc.** Merge or consolidate with or into, or, except in a transaction permitted under paragraph (c) of this Section, convey, transfer, lease or otherwise dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired) to any Person, or permit any of its Subsidiaries to do so, except that:

(i) any Subsidiary of the Guarantor (other than the Borrower) may merge or consolidate with or transfer assets to or acquire assets from any other Subsidiary of the Guarantor, *provided* that in the case of any such merger, consolidation, or transfer of assets to which NIPSCO or Columbia is a party, the continuing or surviving Person shall be a Wholly-Owned Subsidiary of the Guarantor; and

(ii) the Borrower may merge or consolidate with, or transfer assets to, or acquire assets from, any other Wholly-Owned Subsidiary of the Guarantor, *provided* that in the case of any such merger or consolidation to which the Borrower is not the surviving Person, or transfer of all or substantially all of the assets of the Borrower to any other Wholly-Owned Subsidiary of the Guarantor, immediately after giving effect thereto, (A) no Event of Default shall have occurred and be continuing (determined, for purposes of compliance with Article VII after giving effect to such transaction, on a pro forma basis as if such transaction had occurred on the last day of the Guarantor's fiscal quarter then most recently ended) and (B) such surviving Person or transferee, as applicable, shall have assumed all of the obligations of the Borrower under and in respect of the Credit Documents by written instrument satisfactory to the Administrative Agent and its counsel in their reasonable discretion, accompanied by such opinions of counsel and other supporting documents as they may reasonably require; and

(iii) any Subsidiary of the Guarantor may merge into the Guarantor or the Borrower or transfer assets to the Borrower or the Guarantor, *provided* that in the case of any merger or consolidation of the Borrower into the Guarantor or transfer of all or substantially all of the assets of the Borrower to the Guarantor, immediately after giving effect thereto, (A) no Event of Default shall have occurred and be continuing (determined, for purposes of compliance with Article VII after giving effect to such transaction, on a pro forma basis as if such transaction had occurred on the last day of the Guarantor's fiscal quarter then most recently ended) and (B) the Guarantor shall have assumed all of the obligations of the Borrower under and in respect of the Credit Documents by written instrument satisfactory to the Administrative Agent and its counsel in their reasonable discretion, accompanied by such opinions of counsel and other supporting documents as they may reasonably require; and

(iv) the Guarantor or any Subsidiary of the Guarantor may merge, or consolidate with or transfer all or substantially all of its assets to any other Person; *provided* that in each case under this clause (iii), immediately after giving effect thereto, (A) no Event of Default shall have occurred and be continuing (determined, for purposes of compliance with Article VII after giving effect to such transaction, on a pro forma basis as if such transaction had occurred on the last day of the Guarantor's fiscal quarter then most recently ended); (B) in the case of any such merger, consolidation or transfer of assets to which the Borrower is a party, the Borrower shall be the continuing or surviving corporation; (C) in the case of any such merger, consolidation, or transfer of assets to which NIPSCO or Columbia is a party, NIPSCO or Columbia, as the case may be, shall be the continuing or surviving corporation and shall be a Wholly-Owned Subsidiary of the Guarantor; (D) in the case of any such merger, consolidation or transfer of assets to which the Guarantor is a party, the Guarantor shall be the continuing or surviving corporation; and (E) the Index Debt shall be rated at least BBB- by S&P and at least Baa3 by Moody's.

(c) **Sales, Etc. of Assets** . Sell, lease, transfer or otherwise dispose of, or permit any of their respective Subsidiaries to sell, lease, transfer or otherwise dispose of (other than in connection with a transaction authorized by paragraph (b) of this Section) any substantial part of its assets; *provided* that the foregoing shall not prohibit any such sale, conveyance, lease, transfer or other disposition that (i) constitutes realization on a Lien permitted to exist under Section 6.01(a); or (ii) (A) (1) is for a price not materially less than the fair market value of such assets, (2) would not materially impair the ability of any Credit Party to perform its obligations under this Agreement and (3) together with all other such sales, conveyances, leases, transfers and other

dispositions, would have no Material Adverse Effect, or (B) would not result in the sale, lease, transfer or other disposition, in the aggregate, of more than 10% of the consolidated total assets of the Guarantor and its Subsidiaries, determined in accordance with GAAP, on December 31, 2013.

(d) **Compliance with ERISA** . (i) Terminate, or permit any ERISA Affiliate to terminate, any Plan so as to result in a Material Adverse Effect or (ii) permit to exist any occurrence of any Reportable Event (as defined in Title IV of ERISA), or any other event or condition, that presents a material (in the reasonable opinion of the Required Lenders) risk of such a termination by the PBGC of any Plan, if such termination could reasonably be expected to have a Material Adverse Effect.

(e) **Certain Restrictions** . Permit any of its Subsidiaries (other than, in the case of the Guarantor, the Borrower) to enter into or permit to exist any agreement that by its terms prohibits such Subsidiary from making any payments, directly or indirectly, to such Credit Party by way of dividends, advances, repayment of loans or advances, reimbursements of management or other intercompany charges, expenses and accruals or other returns on investment, or any other agreement that restricts the ability of such Subsidiary to make any payment, directly or indirectly, to such Credit Party; *provided* that the foregoing shall not apply to prohibitions and restrictions (i) imposed by applicable law, (ii) (A) imposed under an agreement in existence on the date of this Agreement, and (B) described on Schedule 6.01(e), (iii) existing with respect to a Subsidiary on the date it becomes a Subsidiary that are not created in contemplation thereof (but shall apply to any extension or renewal of, or any amendment or modification expanding the scope of, any such prohibition or restriction), (iv) contained in agreements relating to the sale of a Subsidiary pending such sale, *provided* that such prohibitions or restrictions apply only to the Subsidiary that is to be sold and such sale is permitted hereunder, (v) imposed on a Project Financing Subsidiary in connection with a Project Financing, or (vi) that could not reasonably be expected to have a Material Adverse Effect.

ARTICLE VII FINANCIAL COVENANT

So long as any Lender shall have any Commitment hereunder or any principal of any Loan, interest or fees payable hereunder shall remain unpaid, the Guarantor shall maintain a Debt to Capitalization Ratio of not more than 0.70 to 1.00.

ARTICLE VIII EVENTS OF DEFAULT

SECTION 8.01. Events of Default. If any of the following events (“*Events of Default*”) shall occur and be continuing:

(a) The Borrower shall fail to pay any principal of any Loan when the same becomes due and payable or shall fail to pay any interest, fees or other amounts hereunder within three Business Days after when the same becomes due and payable; or

(b) Any representation or warranty made by any Credit Party in any Credit Document or by any Credit Party (or any of its officers) in connection with this Agreement shall prove to have been incorrect in any material respect (or any such representation or warranty that was otherwise qualified by materiality shall prove to have been false or misleading in any respect) when made; or

(c) Any Credit Party shall fail to perform or observe any term, covenant or agreement contained in Section 5.01(e), 5.01(f), 5.01(h), 5.01(i), 6.01 or Article VII; or

(d) Any Credit Party shall fail to perform or observe any term, covenant or agreement contained in any Credit Document on its part to be performed or observed (other than one identified in paragraph (a), (b) or (c) above) if the failure to perform or observe such other term, covenant or agreement shall remain unremedied for thirty days after written notice thereof shall have been given to the Borrower by the Administrative Agent or any Lender; or

(e) The Guarantor, the Borrower or any of their respective Subsidiaries shall fail to pay any principal of or premium or interest on any Indebtedness (excluding Non-Recourse Debt) which is outstanding in a principal amount of at least \$50,000,000 in the aggregate (but excluding the Loans) of the Guarantor, the Borrower or such Subsidiary, as the case may be, when the same becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise), and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such Indebtedness; or any other event shall occur or condition shall exist under any agreement or instrument relating to any such Indebtedness and shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such event or condition is to accelerate, or to permit the acceleration of, the scheduled maturity of such Indebtedness; or any such Indebtedness shall be declared to be due and payable, or required to be prepaid (other than by a regularly scheduled required prepayment), prior to the stated maturity thereof; or

(f) Any Credit Party shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors; or any proceeding shall be instituted by or against any Credit Party seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian

or other similar official for it or for any substantial part of its property and, in the case of any such proceeding instituted against any Credit Party (but not instituted by any Credit Party), either such proceeding shall remain undismissed or unstayed for a period of 60 days, or any of the actions sought in such proceeding (including, without limitation, the entry of an order for relief against, or the appointment of a receiver, trustee, custodian or other similar official for, any Credit Party or for any substantial part of its property) shall occur; or any Credit Party shall take any corporate action to authorize any of the actions set forth above in this paragraph (f); or

(g) One or more Subsidiaries of the Guarantor (other than the Borrower) in which the aggregate sum of (i) the amounts invested by the Guarantor and its other Subsidiaries in the aggregate, by way of purchases of Capital Stock, Capital Leases, loans or otherwise, and (ii) the amount of recourse, whether contractual or as a matter of law (but excluding Non-Recourse Debt), available to creditors of such Subsidiary or Subsidiaries against the Guarantor or any of its other Subsidiaries, is \$100,000,000 or more (collectively, “**Substantial Subsidiaries**”) shall generally not pay their respective debts as such debts become due, or shall admit in writing their respective inability to pay their debts generally, or shall make a general assignment for the benefit of creditors; or any proceeding shall be instituted by or against Substantial Subsidiaries seeking to adjudicate them bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of them or their respective debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for them or for any substantial part of their respective property and, in the case of any such proceeding instituted against Substantial Subsidiaries (but not instituted by the Guarantor or any Subsidiary of the Guarantor), either such proceeding shall remain undismissed or unstayed for a period of 60 days, or any of the actions sought in such proceeding (including, without limitation, the entry of an order for relief against, or the appointment of a receiver, trustee, custodian or other similar official for, the Substantial Subsidiaries or for any substantial part of their respective property) shall occur; or Substantial Subsidiaries shall take any corporate action to authorize any of the actions set forth above in this paragraph (g); or

(h) Any judgment or order for the payment of money in excess of \$50,000,000 shall be rendered against the Borrower, the Guarantor or any of its other Subsidiaries and either (i) enforcement proceedings shall have been commenced by any creditor upon such judgment or order or (ii) there shall be any period of 30 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or

(i) Any ERISA Event shall have occurred with respect to a Plan and, 30 days after notice thereof shall have been given to the Guarantor or the Borrower by the Administrative Agent, (i) such ERISA Event shall still exist and (ii) the sum (determined as of the date of occurrence of such ERISA Event) of the Insufficiency of such Plan and the Insufficiency of any and all other Plans with respect to which an ERISA Event shall have occurred and then exist (or, in the case of a Plan with respect to which an ERISA Event described in clauses (c) through (f) of the definition of ERISA Event shall have occurred and then exist, the liability related thereto) is equal to or greater than \$10,000,000 (when aggregated with paragraphs (j), (k) and (l) of this Section), and a Material Adverse Effect could reasonably be expected to occur as a result thereof; or

(j) The Guarantor or any ERISA Affiliate shall have been notified by the sponsor of a Multiemployer Plan that it has incurred Withdrawal Liability to such Multiemployer Plan in an amount which, when aggregated with all other amounts required to be paid to Multiemployer Plans by the Guarantor and its ERISA Affiliates as Withdrawal Liability (determined as of the date of such notification), exceeds \$10,000,000 or requires payments exceeding \$10,000,000 *per annum* (in either case, when aggregated with paragraphs (i), (k) and (l) of this Section), and a Material Adverse Effect could reasonably be expected to occur as a result thereof; or

(k) The Guarantor or any ERISA Affiliate shall have been notified by the sponsor of a Multiemployer Plan that such Multiemployer Plan is in reorganization or is being terminated, within the meaning of Title IV of ERISA, if as a result of such reorganization or termination the aggregate annual contributions of the Guarantor and its ERISA Affiliates to all Multiemployer Plans which are then in reorganization or being terminated have been or will be increased over the amounts contributed to such Multiemployer Plans for the respective plan year of each such Multiemployer Plan immediately preceding the plan year in which the reorganization or termination occurs by an amount exceeding \$10,000,000 (when aggregated with paragraphs (i), (j) and (l) of this Section), and a Material Adverse Effect could reasonably be expected to occur as a result thereof; or

(l) The Guarantor or any ERISA Affiliate shall have committed a failure described in Section 303(k)(1) of ERISA and the amount determined under Section 303(k)(3) of ERISA is equal to or greater than \$10,000,000 (when aggregated with paragraphs (i), (j) and (k) of this Section), and a Material Adverse Effect could reasonably be expected to occur as a result thereof; or

(m) Any provision of the Credit Documents shall be held by a court of competent jurisdiction to be invalid or unenforceable against any Credit Party purported to be bound thereby, or any Credit Party shall so assert in writing; or

(n) Any Change of Control shall occur;

then, and in any such event, the Administrative Agent (i) shall at the request, or may with the consent, of the Required Lenders, by notice to the Borrower, declare the Commitment of each Lender to be terminated, whereupon the same shall forthwith terminate, and (ii) shall at the request or with the consent of the Required Lenders, by notice to the Borrower, declare all amounts payable under this Agreement to be forthwith due and payable, whereupon all such amounts shall become and be forthwith due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby

expressly waived by the Borrower; *provided* that in the event of an actual or deemed entry of an order for relief with respect to any Credit Party under the Federal Bankruptcy Code, (1) the Commitment of each Lender hereunder shall automatically be terminated and (2) all such amounts shall automatically become and be due and payable, without presentment, demand, protest or any notice of any kind, all of which are hereby expressly waived by the Borrower.

ARTICLE IX THE ADMINISTRATIVE AGENT

SECTION 9.01. The Administrative Agent.

(a) Each of the Lenders hereby irrevocably appoints the Administrative Agent as its agent and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms hereof, together with such actions and powers as are reasonably incidental thereto.

(b) The Person serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent, and such bank and its Affiliates may accept deposits from, lend money to and generally engage in any kind of business with any Credit Party or any of such Credit Party's Subsidiaries or other Affiliates thereof as if it were not the Administrative Agent hereunder.

(c) The Administrative Agent shall not have any duties or obligations except those expressly set forth herein. Without limiting the generality of the foregoing, (i) the Administrative Agent shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing, (ii) the Administrative Agent shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby that the Administrative Agent is required to exercise in writing by the Required Lenders, and (iii) except as expressly set forth herein, the Administrative Agent shall not have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Borrower, the Guarantor or any of its other Subsidiaries that is communicated to or obtained by the bank serving as Administrative Agent or any of its Affiliates in any capacity. The Administrative Agent shall not be liable for any action taken or not taken by it with the consent or at the request of the Required Lenders (or, if applicable, all of the Lenders) or in the absence of its own gross negligence or willful misconduct. The Administrative Agent shall be deemed not to have knowledge of any Default unless and until written notice thereof is given to the Administrative Agent by the Borrower or a Lender, and the Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (1) any statement, warranty or representation made in or in connection with this Agreement, (2) the contents of any certificate, report or other document delivered hereunder or in connection herewith, (3) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein, (4) the validity, enforceability, effectiveness or genuineness of this Agreement or any other agreement, instrument or document, or (5) the satisfaction of any condition set forth in Article III or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent and the conformity thereof to such express requirement.

(d) The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing believed by it to be genuine and to have been signed or sent by the proper Person. The Administrative Agent also may rely upon any statement made to it orally or by telephone and believed by it to be made by the proper Person, and shall not incur any liability for relying thereon. The Administrative Agent may consult with legal counsel (who may be counsel for a Credit Party) independent accountants and other experts selected by it and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

(e) The Administrative Agent may perform any and all its duties and exercise its rights and powers by or through any one or more sub-agents appointed by the Administrative Agent. The Administrative Agent and any such sub-agent may perform any and all its duties and exercise its rights and powers through their respective Related Parties. The exculpatory provisions of the preceding paragraphs shall apply to any such sub-agent and to the Related Parties of the Administrative Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Administrative Agent.

(f) Subject to the appointment and acceptance of a successor Administrative Agent as provided in this paragraph, the Administrative Agent may resign at any time by notifying the Lenders and the Credit Parties. Upon any such resignation, the Required Lenders shall have the right, with the consent of the Borrower (which consent shall not unreasonably be withheld), to appoint a successor, *provided* that no such consent of the Borrower shall be required if an Event of Default has occurred and is continuing. If no successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of its resignation, then the retiring Administrative Agent may, on behalf of the Lenders, appoint a successor Administrative Agent which shall be a bank with an office in New York, New York, or an Affiliate of any such bank, in any event having total assets in excess of \$500,000,000 and who shall serve until such time, if any, as an Agent shall have been appointed as provided above. Upon the acceptance of its appointment as Administrative Agent hereunder by a successor, such successor shall succeed to and become vested with all the rights, powers, privileges and duties of

the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations hereunder. The fees payable by the Borrower to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrower and such successor. After the Administrative Agent's resignation hereunder, the provisions of this Article and Section 11.03 shall continue in effect for its benefit in respect of any actions taken or omitted to be taken by it while it was acting as Administrative Agent.

(g) Each Lender acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any related agreement or any document furnished hereunder or thereunder.

(h) No Lender identified on the signature pages of this Agreement as a "Lead Arranger" or "Syndication Agent", or that is given any other title hereunder other than "Administrative Agent", shall have any right, power, obligation, liability, responsibility or duty under this Agreement other than those applicable to all Lenders as such. Without limiting the generality of the foregoing, no Lender so identified as a "Lead Arranger" or "Syndication Agent" or that is given any other title hereunder, shall have, or be deemed to have, any fiduciary relationship with any Lender. Each Lender acknowledges that it has not relied, and will not rely, on the Lenders so identified in deciding to enter into this Agreement or in taking or not taking action hereunder.

(i) Notwithstanding anything to the contrary herein or in any other Credit Document, the authority to enforce rights and remedies hereunder and in the other Credit Documents against the Credit Parties or any of them shall be vested exclusively in, and all actions and proceedings at law in connection with such enforcement shall be instituted and maintained exclusively by, the Administrative Agent in accordance with Section 8.01 for the benefit of all the Lenders; provided, however, that the foregoing shall not prohibit (i) the Administrative Agent from exercising on its own behalf the rights and remedies that inure to its benefit (solely in its capacity as Administrative Agent) hereunder and under the other Credit Documents, (ii) any Lender from exercising setoff rights in accordance with Section 11.08 (subject to the terms of Section 2.18(c)) or (iii) any Lender from filing proofs of claim or appearing and filing pleadings on its own behalf during the pendency of a Bankruptcy Event relative to any Credit Party; and provided, further, that if at any time there is no Person acting as Administrative Agent hereunder and under the other Credit Documents, then (A) the Required Lenders shall have the rights otherwise ascribed to the Administrative Agent pursuant to Section 8.01 and (B) in addition to the matters set forth in clauses (ii), (iii) and (iv) of the preceding proviso and subject to Section 2.18(c), any Lender may, with the consent of the Required Lenders, enforce any rights and remedies available to it and as authorized by the Required Lenders.

ARTICLE X GUARANTY

SECTION 10.01. The Guaranty.

(a) The Guarantor, as primary obligor and not merely as a surety, hereby irrevocably, absolutely and unconditionally guarantees to the Administrative Agent and the Lenders and each of their respective successors, endorsees, transferees and assigns (each a "**Beneficiary**" and collectively, the "**Beneficiaries**") the prompt and complete payment by the Borrower, as and when due and payable, of the Obligations, in accordance with the terms of the Credit Documents. The provisions of this Article X are sometimes referred to hereinafter as the "**Guaranty**".

(b) The Guarantor hereby guarantees that the Obligations will be paid strictly in accordance with the terms of the Credit Documents, regardless of any law now or hereafter in effect in any jurisdiction affecting any such terms or the rights of the Beneficiaries with respect thereto. The obligations and liabilities of the Guarantor under this Guaranty shall be absolute and unconditional irrespective of: (i) any lack of validity or enforceability of any of the Obligations or any Credit Document, or any delay, failure or omission to enforce or agreement not to enforce, or the stay or enjoining, by order of court, by operation of law or otherwise, of the exercise of any right with respect to the foregoing (including, in each case, without limitation, as a result of the insolvency, bankruptcy or reorganization of any Beneficiary, the Borrower or any other Person); (ii) any change in the time, manner or place of payment of, or in any other term in respect of, all or any of the Obligations, or any other amendment or waiver of or consent to any departure from the Credit Documents or any agreement or instrument relating thereto; (iii) any exchange or release of, or non-perfection of any Lien on or in any collateral, or any release, amendment or waiver of, or consent to any departure from, any other guaranty of, or agreement granting security for, all or any of the Obligations; (iv) any claim, set-off, counterclaim, defense or other rights that the Guarantor may have at any time and from time to time against any Beneficiary or any other Person, whether in connection with this Transaction or any unrelated transaction; or (v) any other circumstance that might otherwise constitute a defense available to, or a discharge of, the Borrower or any other guarantor or surety in respect of the Obligations or the Guarantor in respect hereof.

(c) The Guaranty provided for herein (i) is a guaranty of payment and not of collection; (ii) is a continuing guaranty and shall remain in full force and effect until the Commitments have been terminated and the Obligations have been paid in full in cash; and (iii) shall continue to be effective or shall be reinstated, as the case may be, if at any time any payment, or any part thereof, of any of the Obligations is rescinded or must otherwise be returned by any Beneficiary upon or as a result of the insolvency, bankruptcy, dissolution, liquidation or reorganization of the Borrower or otherwise, all as though such payment had not been made.

(d) The obligations and liabilities of the Guarantor hereunder shall not be conditioned or contingent upon the pursuit by any Beneficiary or any other Person at any time of any right or remedy against the Borrower or any other Person that may be or become liable in respect of all or any part of the Obligations or against any collateral security or guaranty therefor or right of setoff with respect thereto.

(e) The Guarantor hereby consents that, without the necessity of any reservation of rights against the Guarantor and without notice to or further assent by the Guarantor, any demand for payment of any of the Obligations made by any Beneficiary may be rescinded by such Beneficiary and any of the Obligations continued after such rescission.

(f) The Guarantor's obligations under this Guaranty shall be unconditional, irrespective of any lack of capacity of the Borrower or any lack of validity or enforceability of any other provision of this Agreement or any other Credit Document, and this Guaranty shall not be affected in any way by any variation, extension, waiver, compromise or release of any or all of the Obligations or of any security or guaranty from time to time therefor.

(g) The obligations of the Guarantor under this Guaranty shall not be reduced, limited, impaired, discharged, deferred, suspended or terminated by any proceeding or action, voluntary or involuntary, involving the bankruptcy, insolvency, receivership, reorganization, marshalling of assets, assignment for the benefit of creditors, composition with creditors, readjustment, liquidation or arrangement of the Borrower or any similar proceedings or actions, or by any defense the Borrower may have by reason of the order, decree or decision of any court or administrative body resulting from any such proceeding or action. Without limiting the generality of the foregoing, the Guarantor's liability shall extend to all amounts and obligations that constitute the Obligations and would be owed by the Borrower, but for the fact that they are unenforceable or not allowable due to the existence of any such proceeding or action.

SECTION 10.02. Waivers.

(a) The Guarantor hereby unconditionally waives: (i) promptness and diligence; (ii) notice of or proof of reliance by the Administrative Agent or the Lenders upon this Guaranty or acceptance of this Guaranty; (iii) notice of the incurrence of any Obligation by the Borrower or the renewal, extension or accrual of any Obligation or of any circumstances affecting the Borrower's financial condition or ability to perform the Obligations; (iv) notice of any actions taken by the Beneficiaries or the Borrower or any other Person under any Credit Document or any other agreement or instrument relating thereto; (v) all other notices, demands and protests, and all other formalities of every kind in connection with the enforcement of the Obligations, of the obligations of the Guarantor hereunder or under any other Credit Document, the omission of or delay in which, but for the provisions of this Section 10 might constitute grounds for relieving the Guarantor of its obligations hereunder; (vi) any requirement that the Beneficiaries protect, secure, perfect or insure any Lien or any property subject thereto, or exhaust any right or take any action against the Borrower or any other Person or any collateral; and (vii) each other circumstance, other than payment of the Obligations in full, that might otherwise result in a discharge or exoneration of, or constitute a defense to, the Guarantor's obligations hereunder.

(b) No failure on the part of any Beneficiary to exercise, and no delay in exercising, any right, remedy, power or privilege hereunder or under any Credit Document or any other agreement or instrument relating thereto shall operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power or privilege hereunder or under any Credit Document or any other agreement or instrument relating thereto preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. This Guaranty is in addition to and not in limitation of any other rights, remedies, powers and privileges the Beneficiaries may have by virtue of any other instrument or agreement heretofore, contemporaneously herewith or hereafter executed by the Guarantor or any other Person or by applicable law or otherwise. All rights, remedies, powers and privileges of the Beneficiaries shall be cumulative and may be exercised singly or concurrently. The rights, remedies, powers and privileges of the Beneficiaries under this Guaranty against the Guarantor are not conditional or contingent on any attempt by the Beneficiaries to exercise any of their rights, remedies, powers or privileges against any other guarantor or surety or under the Credit Documents or any other agreement or instrument relating thereto against the Borrower or against any other Person.

(c) The Guarantor hereby acknowledges and agrees that, until the Commitments have been terminated and all of the Obligations have been paid in full in cash, under no circumstances shall it be entitled to be subrogated to any rights of any Beneficiary in respect of the Obligations performed by it hereunder or otherwise, and the Guarantor hereby expressly and irrevocably waives, until the Commitments have been terminated and all of the Obligations have been paid in full in cash, (i) each and every such right of subrogation and any claims, reimbursements, right or right of action relating thereto (howsoever arising), and (ii) each and every right to contribution, indemnification, set-off or reimbursement, whether from the Borrower or any other Person now or hereafter primarily or secondarily liable for any of the Obligations, and whether arising by contract or operation of law or otherwise by reason of the Guarantor's execution, delivery or performance of this Guaranty.

(d) The Guarantor represents and warrants that it has established adequate means of keeping itself informed of the Borrower's financial condition and of other circumstances affecting the Borrower's ability to perform the Obligations, and agrees that neither the Administrative Agent nor any Lender shall have any obligation to provide to the Guarantor any information it may have, or hereafter receive, in respect of the Borrower.

**ARTICLE XI
MISCELLANEOUS**

SECTION 11.01. Notices. Except in the case of notices and other communications expressly permitted to be given by telephone, all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopy, as follows:

(a) if to any Credit Party, to it at:

801 East 86th Avenue
Merrillville, Indiana 46410
Attention: Vice President, Treasurer and Chief Risk Officer
Telecopier: (219) 647-6188;

with a copy to such Credit Party at:

801 East 86th Avenue
Merrillville, Indiana 46410
Attention: Assistant Treasurer
Telecopier: (219) 647-6116;

(b) if to the Administrative Agent, to JPMorgan Chase Bank, N.A. at:

10 S. Dearborn Street
Floor 7, Mail Code IL1-0010
Chicago, IL 60603
Attention: Duyanna Goodlet
Telecopier: 888-292-9533
Telephone: 312-385-7106
Email: duyanna.l.goodlet@jpmorgan.com;

with a copy, except with respect to the Borrowing Request and any Interest Election Request, to JPMorgan Chase Bank, N.A. at:

10 S. Dearborn Street
Floor 9, Mail Code IL1-0090
Chicago, IL 60603
Attention: Nancy Barwig
Telecopier: 312-732-1762
Telephone: 312-732-1838
Email: nancy.r.barwig@jpmorgan.com;

with a copy, except with respect to the Borrowing Request and any Interest Election Request, to JPMorgan Chase Bank, N.A. at:

10 S. Dearborn Street, 9th Floor
Mail Code IL1-0874
Chicago, IL 60603
Attention: Roman Walczak
Telecopier: 312-325-3238
Telephone: 312-325-3155
Email: roman.walczak@jpmorgan.com;

(c) if to any Lender, to it at its address (or telecopy number) set forth in its Administrative Questionnaire.

Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when

received; notices sent by facsimile shall be deemed to have been given when sent (except that, if not given during

normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next business day for the recipient). Notices delivered through Electronic Systems, to the extent provided in paragraph (e) below, shall be effective as provided in said paragraph (e).

(d) Notices and other communications to the Lenders hereunder may be delivered or furnished by using Electronic Systems pursuant to procedures approved by the Administrative Agent; provided that the foregoing shall not apply to notices pursuant to Article II unless otherwise agreed by the Administrative Agent and the applicable Lender. The Administrative Agent or the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications.

(e) Unless the Administrative Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), and (ii) notices or communications posted to an Internet or intranet website, including an Electronic System, shall be deemed received upon the deemed receipt by the intended recipient, at its e-mail address as described in the foregoing clause (i), of notification that such notice or communication is available and identifying the website address therefor; provided that, for both clauses (i) and (ii) above, if such notice, email or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next business day for the recipient.

(f) Any party hereto may change its address or telecopy number for notices and other communications hereunder by notice to the other parties hereto. All notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt.

(g) Electronic Systems.

(i) The Borrower and each Lender agrees that the Administrative Agent may, but shall not be obligated to, make Communications (as defined below) available to the Lenders by posting the Communications on Debt Domain, Intralinks, Syndtrak, ClearPar or a substantially similar Electronic System.

(ii) Any Electronic System used by the Administrative Agent is provided "as is" and "as available." The Agent Parties (as defined below) and the Credit Parties do not warrant the adequacy of such Electronic Systems and expressly disclaim liability for errors or omissions in the Communications. No warranty of any kind, express, implied or statutory, including, without limitation, any warranty of merchantability, fitness for a particular purpose, non-infringement of third-party rights or freedom from viruses or other code defects, is made by any Agent Party or any Credit Party in connection with the Communications or any Electronic System. In no event shall the Administrative Agent or any of its Related Parties (collectively, the "Agent Parties") or the Credit Parties have any liability to any Credit Party, any Lender, Administrative Agent or any other Person or entity for damages of any kind, including, without limitation, direct or indirect, special, incidental or consequential damages, losses or expenses (whether in tort, contract or otherwise) arising out of any Credit Party's or the Administrative Agent's transmission of Communications through an Electronic System, except to the extent that such damages, losses or expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Agent Party. "Communications" means, collectively, any notice, demand, communication, information, document or other material provided by or on behalf of any Credit Party pursuant to any Credit Document or the transactions contemplated therein which is distributed by the Administrative Agent or any Lender by means of electronic communications pursuant to this Section, including through an Electronic System.

SECTION 11.02. Waivers; Amendments.

(a) No failure or delay by the Administrative Agent or any Lender in exercising any right or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Administrative Agent and the Lenders hereunder are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of this Agreement or consent to any departure by any Credit Party therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) of this Section, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, no Extension of Credit shall be construed as a waiver of any Default, regardless of whether the Administrative Agent or any Lender may have had notice or knowledge of such Default at the time.

(b) Neither this Agreement nor any provision hereof may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by the Borrower, the Guarantor and the Required Lenders or by the Borrower,

the Guarantor and the Administrative Agent with the consent of the Required Lenders; provided that no such agreement shall (i) increase the Commitment of any Lender without the written consent of such Lender, (ii) reduce the principal amount of any Loan or reduce the rate of interest thereon, or reduce any fees or other amounts payable hereunder, without the written consent of each Lender affected thereby, (iii) postpone the scheduled date of payment of the principal amount of any Loan or any interest thereon, or any fees or other amounts payable hereunder, or reduce the amount of, waive or excuse any such payment, or postpone the scheduled date of expiration of any Commitment, without the written consent of each Lender affected thereby, (iv) change Section 2.18(b) or (c) in a manner that would alter the pro rata sharing of payments required thereby, without the written consent of each Lender, (v) release the Guarantor from its obligations under the Guaranty without the written consent of each Lender, (vi) waive any of the conditions precedent to the effectiveness of this Agreement set forth in Section 3.01 without the written consent of each Lender or (vii) change any of the provisions of this Section or the definition of "Required Lenders" or any other provision hereof specifying the number or percentage of Lenders required to waive, amend or modify any rights hereunder or make any determination or grant any consent hereunder, without the written consent of each Lender; provided, further, that no such agreement shall amend, modify or otherwise affect the rights or duties of the Administrative Agent hereunder without the prior written consent of the Administrative Agent.

SECTION 11.03. Expenses; Indemnity; Damage Waiver.

(a) The Borrower shall pay (i) all reasonable out-of-pocket expenses incurred by the Administrative Agent and its Affiliates, including the reasonable fees, charges and disbursements of counsel for the Administrative Agent, in connection with the initial syndication of the credit facilities provided for herein, the preparation and administration of this Agreement or any amendments, modifications or waivers of the provisions hereof (whether or not the transactions contemplated hereby or thereby shall be consummated) and (ii) all reasonable out-of-pocket expenses incurred by the Administrative Agent or any Lender, including the reasonable fees, charges and disbursements of any counsel for the Administrative Agent or any Lender, in connection with the enforcement or protection of its rights in connection with this Agreement, including its rights under this Section, or in connection with the Loans made hereunder, including in connection with any workout, restructuring or negotiations in respect thereof.

(b) The Borrower shall indemnify the Administrative Agent, the Syndication Agent, each Lender and each Related Party of any of the foregoing Persons (each such Person being called an "Indemnitee") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related reasonable expenses, including the reasonable fees, charges and disbursements of any counsel for any Indemnitee, incurred by or asserted against any Indemnitee arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement or any agreement or instrument contemplated hereby, the performance by the parties hereto of their respective obligations hereunder or the consummation of the Transactions or any other transaction contemplated hereby, (ii) any Loan or the use of the proceeds therefrom, (iii) any actual or alleged presence or release of Hazardous Materials on or from any property now, in the past or hereafter owned or operated by the Borrower, the Guarantor or any of its other Subsidiaries, or any Environmental Liability related in any way to the Borrower, the Guarantor or any of its other Subsidiaries, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by the Borrower or any of its Subsidiaries, and regardless of whether any Indemnitee is a party thereto; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee.

(c) To the extent that the Borrower fails to pay any amount required to be paid by it to the Administrative Agent under paragraph (a) or (b) of this Section, each Lender severally agrees to pay to the Administrative Agent such Lender's Applicable Percentage (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount; provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent in its capacity as such.

(d) To the extent permitted by applicable law, (i) the Borrower shall not assert, and does hereby waive, any claim against any Indemnitee for any damages arising from the use by others of information or other materials obtained through telecommunications, electronic or other information transmission systems (including the Internet), and (ii) without limiting the rights of indemnification of any Indemnitee set forth in this Agreement with respect to liabilities asserted by third parties, each party hereto shall not assert, and hereby waives, any claim against each other party, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement or any agreement or instrument contemplated hereby, the Transactions or any Loan or the use of the proceeds thereof.

(e) All amounts due under this Section shall be payable not later than 20 days after written demand therefor.
for.

SECTION 11.04. Successors and Assigns.

(a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby; provided that, (i) except to the extent permitted pursuant to Section 6.01(b)(ii) and (iii), no Credit Party may assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender (and any attempted assignment or transfer by a Credit Party without such consent shall be null and void) and (ii) no Lender may assign or otherwise transfer its rights or obligations hereunder except in accordance with this Section. Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) (i) Subject to the conditions set forth in paragraph (b)(ii) below, any Lender may assign to one or more Persons (other than an Ineligible Institution) all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans at the time owing to it) with the prior written consent (such consent not to be unreasonably withheld) of:

(A) the Borrower (provided that the Borrower shall be deemed to have consented to any such assignment unless it shall object thereto by written notice to the Administrative Agent within ten (10) Business Days after having received notice thereof); provided, further, that no consent of the Borrower shall be required for an assignment to a Lender, an Affiliate of a Lender, an Approved Fund or, if an Event of Default has occurred and is continuing, any other assignee; and

(B) the Administrative Agent.

(i) Assignments shall be subject to the following additional conditions:

(A) except in the case of an assignment to a Lender or an Affiliate of a Lender or an Approved Fund or an assignment of the entire remaining amount of the assigning Lender's Loans, the amount of the Commitment or Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent) shall not be less than \$5,000,000 unless each of the Borrower and the Administrative Agent otherwise consent, provided that no such consent of the Borrower shall be required if an Event of Default has occurred and is continuing;

(B) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement, provided that this clause shall not be construed to prohibit the assignment of a proportionate part of all the assigning Lender's rights and obligations in respect of such Lender's Loans;

(C) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee of \$3,500, such fee to be paid by either the assigning Lender or the assignee Lender or shared between such Lenders;

(D) the assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire in which the assignee designates one or more credit contacts to whom all syndicate-level information (which may contain material non-public information about the Borrower and its affiliates and their Related Parties or their respective securities) will be made available and who may receive such information in accordance with the assignee's compliance procedures and applicable laws, including Federal and state securities laws;

(E) without the prior written consent of the Administrative Agent, no assignment shall be made to a prospective assignee that bears a relationship to the Borrower described in Section 108(e)(4) of the Code; and

(F) no assignment shall be made to any Affiliate of any Credit Party.

For the purposes of this Section 11.04(b), the terms "Approved Fund" and "Ineligible Institution" have the following meaning:

"Approved Fund" means any Person (other than a natural person) that is engaged in making, purchasing, holding or investing in bank loans and similar extensions of credit in the ordinary course of its business and that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

"Ineligible Institution" means (a) a natural person, (b) a Defaulting Lender, (c) the Borrower, any of its Subsidiaries or any of its Affiliates, or (d) a company, investment vehicle or trust for, or owned and operated for the primary benefit of, a natural person or relative(s) thereof.

Subject to acceptance and recording thereof pursuant to paragraph (d) of this Section, from and after the effective date specified in each Assignment and Assumption, the assignee thereunder shall be a party hereto and, to the extent of the interest

assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.15, 2.16, 2.17 and 11.03). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this paragraph shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with paragraph (e) of this Section.

(c) The Administrative Agent, acting for this purpose as a non-fiduciary agent of the Borrower, shall maintain at one of its offices in The City of New York a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitment of, and principal amount of the Loans and other Obligations owing to, each Lender pursuant to the terms hereof from time to time (the "**Register**"). The entries in the Register shall be conclusive (absent manifest error), and the Borrower, the Administrative Agent and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary.

(d) Upon its receipt of a duly completed Assignment and Assumption executed by an assigning Lender and an assignee, the assignee's completed Administrative Questionnaire (unless the assignee shall already be a Lender hereunder), the processing and recordation fee referred to in paragraph (b) of this Section and any written consent to such assignment required by paragraph (b) of this Section, the Administrative Agent shall accept such Assignment and Assumption and record the information contained therein in the Register. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this paragraph.

(e) Any Lender may, without the consent of or notice to the Borrower or the Administrative Agent, sell participations to one or more banks or other entities (a "**Participant**"), other than an Ineligible Institution, in all or a portion of such Lender's rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans owing to it); *provided* that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Borrower, the Guarantor and the Administrative Agent shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; *provided* that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in the first proviso to Section 11.02(b) that affects such Participant. Subject to paragraph (f) of this Section, the Borrower agrees that each Participant shall be entitled to the benefits of Sections 2.15, 2.16 and 2.17 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section. Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Borrower, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the obligations under this Agreement (the "**Participant Register**"); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register to any Person (including the identity of any Participant or any information relating to a Participant's interest in the obligations under this Agreement) except to the extent that such disclosure is necessary to establish that such interest is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Administrative Agent (in its capacity as Administrative Agent) shall have no responsibility for maintaining a Participant Register.

(f) A Participant shall not be entitled to receive any greater payment under Section 2.15 or 2.17 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Borrower's prior written consent. A Participant that would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of Section 2.17 unless the Borrower is notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Borrower, to comply with Section 2.17(e) as though it were a Lender.

(g) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including, without limitation, to a Federal Reserve Bank or any central bank, and this Section shall not apply to any such pledge or assignment of a security interest; *provided* that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such assignee for such Lender as a party hereto.

SECTION 11.05. Survival. All covenants, agreements, representations and warranties made by the Borrower and the Guarantor herein and in the certificates or other instruments delivered in connection with or pursuant to this Agreement shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of this Agreement and the making of any Loans. The provisions of Sections 2.15, 2.16, 2.17, 10.01(c)(iii) and 11.03 and Article IX shall survive and remain in full

force and effect regardless of the consummation of the transactions contemplated hereby, the repayment of the Loans, the expiration or termination of the Commitments or the termination of this Agreement or any provision hereof.

SECTION 11.06. Counterparts; Integration; Effectiveness; Electronic Execution. This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement, the commitment letter relating to the credit facility provided hereby (to the extent provided therein) and any separate letter agreements with respect to fees payable to the Administrative Agent constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 3.01, this Agreement shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof which, when taken together, bear the signatures of each of the other parties hereto, and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Delivery of an executed counterpart of a signature page of this Agreement by facsimile or other electronic imaging shall be effective as delivery of an original executed counterpart of this Agreement. The words "execution," "signed," "signature," "delivery," and words of like import in or relating to any document to be signed in connection with this Agreement and the transactions contemplated hereby shall be deemed to include Electronic Signatures, deliveries or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

SECTION 11.07. Severability. Any provision of this Agreement held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

SECTION 11.08. Right of Setoff. If an Event of Default shall have occurred and be continuing, each Lender or any Affiliate thereof is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Lender to or for the credit or the account of any Credit Party against any of and all the Obligations now or hereafter existing under this Agreement held by such Lender, irrespective of whether or not such Lender shall have made any demand under this Agreement and although such Obligations may be unmatured. The rights of each Lender under this Section are in addition to other rights and remedies (including other rights of setoff) which such Lender may have.

SECTION 11.09. Governing Law; Jurisdiction; Consent to Service of Process.

(a) This Agreement shall be construed in accordance with and governed by the law of the State of New York.

(b) Each Credit Party hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of the Supreme Court of the State of New York sitting in the Borough of Manhattan and of the United States District Court of the Southern District of New York sitting in the Borough of Manhattan, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that the Administrative Agent or any Lender may otherwise have to bring any action or proceeding relating to this Agreement against any Credit Party or its properties in the courts of any jurisdiction.

(c) Each Credit Party hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement in any court referred to in paragraph (b) of this Section. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 11.01. Nothing in this Agreement will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

SECTION 11.10. WAIVER OF JURY TRIAL . EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS

CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

SECTION 11.11. Headings. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

SECTION 11.12. Confidentiality. Each of the Administrative Agent and the Lenders agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its and its Affiliates' directors, officers, employees and agents, including accountants, legal counsel and other advisors (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory authority (including any self-regulatory authority, such as the National Association of Insurance Commissioners), (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (d) to any other party to this Agreement, (e) in connection with the exercise of any remedies hereunder or any suit, action or proceeding relating to this Agreement or the enforcement of rights hereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement or (ii) actual or prospective counterparty (or its advisors) to any swap or derivative transaction or any credit insurance provider, in each case, relating to the Borrower and its obligations, (g) with the consent of the Borrower or (h) to the extent such Information (i) becomes publicly available other than as a result of a breach of this Section or (ii) becomes available to the Administrative Agent or any Lender on a nonconfidential basis from a source other than a Credit Party or any Subsidiary of a Credit Party. For the purposes of this Section, "**Information**" means all information received from any Credit Party or any Subsidiary of a Credit Party relating to a Credit Party or any Subsidiary of a Credit Party or its respective businesses, other than any such information that is available to the Administrative Agent or any Lender on a nonconfidential basis prior to disclosure by any Credit Party or any Subsidiary of a Credit Party; *provided that*, in the case of information received from any Credit Party or any Subsidiary of a Credit Party after the Effective Date, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

EACH LENDER ACKNOWLEDGES THAT INFORMATION AS DEFINED IN THE IMMEDIATELY PRECEDING PARAGRAPH FURNISHED TO IT PURSUANT TO THIS AGREEMENT MAY INCLUDE MATERIAL NON-PUBLIC INFORMATION CONCERNING THE BORROWER AND ITS RELATED PARTIES OR THEIR RESPECTIVE SECURITIES, AND CONFIRMS THAT IT HAS DEVELOPED COMPLIANCE PROCEDURES REGARDING THE USE OF MATERIAL NON-PUBLIC INFORMATION AND THAT IT WILL HANDLE SUCH MATERIAL NON-PUBLIC INFORMATION IN ACCORDANCE WITH THOSE PROCEDURES AND APPLICABLE LAW, INCLUDING FEDERAL AND STATE SECURITIES LAWS.

ALL INFORMATION, INCLUDING REQUESTS FOR WAIVERS AND AMENDMENTS, FURNISHED BY THE BORROWER OR THE ADMINISTRATIVE AGENT PURSUANT TO, OR IN THE COURSE OF ADMINISTERING, THIS AGREEMENT WILL BE SYNDICATE-LEVEL INFORMATION, WHICH MAY CONTAIN MATERIAL NON-PUBLIC INFORMATION ABOUT THE BORROWER, THE OTHER CREDIT PARTIES AND THEIR RELATED PARTIES OR THEIR RESPECTIVE SECURITIES. ACCORDINGLY, EACH LENDER REPRESENTS TO THE BORROWER AND THE ADMINISTRATIVE AGENT THAT IT HAS IDENTIFIED IN ITS ADMINISTRATIVE QUESTIONNAIRE A CREDIT CONTACT WHO MAY RECEIVE INFORMATION THAT MAY CONTAIN MATERIAL NON-PUBLIC INFORMATION IN ACCORDANCE WITH ITS COMPLIANCE PROCEDURES AND APPLICABLE LAW.

SECTION 11.13. USA PATRIOT Act . Each Lender hereby notifies the Credit Parties that pursuant to the requirements of the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Act"), it is required to obtain, verify and record information that identifies the Credit Parties, which information includes the name and address of the Credit Parties and other information that will allow such Lender to identify the Credit Parties in accordance with the Act.

SECTION 11.14 Acknowledgments . Each of the Guarantor and the Borrower hereby acknowledges that:

(a) it has been advised by and consulted with its own legal, accounting, regulatory and tax advisors (to the extent it deemed appropriate) in the negotiation, execution and delivery of this Agreement and the other Credit Documents;

(b) neither any Arranger, any Agent nor any Lender has any fiduciary relationship with or duty to the Guarantor or the Borrower arising out of or in connection with this Agreement or any of the other Credit Documents, and the relationship between any Arranger, the Administrative Agent and the Lenders, on one hand, and the Guarantor and the Borrower, on the other hand, in connection herewith or therewith is solely that of debtor and creditor, and, to the fullest extent permitted by law, each of the Guarantor and the Borrower hereby waives and releases any claims that it may have against the Administrative Agent, the Arrangers and the Lenders with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transaction contemplated hereby;

(c) it is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated hereby and by the other Credit Documents; and

(d) no joint venture is created hereby or by the other Credit Documents or otherwise exists by virtue of the transactions contemplated hereby among the Arrangers, the Administrative Agent and the Lenders or among the Guarantor, the Borrower and the Lenders.

IN WITNESS WHEREOF , the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

NISOURCE FINANCE CORP., as Borrower

By: _____

Name:

Title:

Federal Tax Identification Number: 35-2105468

NISOURCE INC., as Guarantor

By: _____

Name:

Title:

Federal Tax Identification Number: 35-2108964

JPMORGAN CHASE BANK, N.A., as a Lender and as Administrative Agent

By: _____

Name:

Title:

COBANK, ACB, as a Lender

By: _____

Name:

Title:

[OTHER LENDERS], as a Lender

By: _____

Name:

Title:

PRICING GRID

The “Applicable Rate” for any day with respect to any Eurodollar Loan or ABR Loan, as the case may be, is the percentage set forth below in the applicable row under the column corresponding to the Status that exists on such day:

Status	Level I	Level II	Level III	Level IV	Level V
Eurodollar Loans (basis points)	75	87.5	100.0	112.5	150
ABR Loans (basis points)	0	0	0	12.5	50

For purposes of this Pricing Grid, the following terms have the following meanings (as modified by the provisos below):

“**Level I Status**” exists at any date if, at such date, the Index Debt is rated either A- or higher by S&P or A3 or higher by Moody’s.

“**Level II Status**” exists at any date if, at such date, the Index Debt is rated either BBB+ by S&P or Baa1 by Moody’s.

“**Level III Status**” exists at any date if, at such date, the Index Debt is rated either BBB by S&P or Baa2 by Moody’s.

“**Level IV Status**” exists at any date if, at such date, the Index Debt is rated either BBB- by S&P or Baa3 by Moody’s.

“**Level V Status**” exists at any date if, at such date, the Index Debt is rated either BB+ by S&P or lower or Ba1 by Moody’s or lower, or, no other Status exists.

“**Status**” refers to the determination of which of Level I Status, Level II Status, Level III Status, Level IV Status or Level V Status exists at any date.

The credit ratings to be utilized for purposes of this Pricing Grid are those assigned to the Index Debt, and any rating assigned to any other debt security of the Borrower shall be disregarded. The rating in effect at any date is that in effect at the close of business on such date.

Provided, that the applicable Status shall change as and when the applicable Index Debt ratings change.

Provided further, that if the Index Debt is split-rated, the applicable Status shall be determined on the basis of the higher of the two ratings then applicable; *provided further, that*, if the Index Debt is split-rated by two or more levels, the applicable Status shall instead be determined on the basis of the rating that is one level above the lower of the two ratings then applicable.

Provided further, that if both Moody’s and S&P, or their successors as applicable, shall have ceased to issue or maintain such ratings, then the applicable Status shall be Level V.

EXHIBIT A

ASSIGNMENT AND ASSUMPTION

This Assignment and Assumption (the “Assignment and Assumption”) is dated as of the Effective Date set forth below and is entered into by and between [*Insert name of Assignor*] (the “Assignor”) and [*Insert name of Assignee*] (the “Assignee”). Capitalized terms used but not defined herein shall have the meanings given to them in the Term Loan Agreement identified below (as amended, the “Loan Agreement”), receipt of a copy of which is hereby acknowledged by the Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Assumption as if set forth herein in full.

For an agreed consideration, the Assignor hereby irrevocably sells and assigns to the Assignee, and the Assignee hereby irrevocably purchases and assumes from the Assignor, subject to and in accordance with the Standard Terms and Conditions and the Loan Agreement, as of the Effective Date inserted by the Administrative Agent as contemplated below (i) all of the Assignor’s rights and obligations in its capacity as a Lender under the Loan Agreement and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of the Assignor under the respective facilities identified below (including any guarantees included in such facilities) and (ii) to the extent permitted to be assigned under applicable law, all claims, suits, causes of action and any other right of the Assignor (in its capacity as a Lender) against any Person, whether known or unknown, arising under or in connection with the Loan Agreement, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby or in any way based on or related to any of the foregoing, including contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (i) above (the rights and obligations sold and assigned pursuant to clauses (i) and (ii) above being referred to herein collectively as the “Assigned Interest”). Such sale and assignment is without recourse to the Assignor and, except as expressly provided in this Assignment and Assumption, without representation or warranty by the Assignor.

1. Assignor: _____

2. Assignee: _____

[and is an affiliate/ Approved fund of [identify Lender] ¹]

3. Borrower(s): NiSource Finance Corp., an Indiana corporation

4. Administrative Agent: JPMorgan Chase Bank, as the administrative agent under the Loan Agreement

5. Loan Agreement: The Term Loan Agreement dated as of August 20, 2014 among NiSource Finance Corp., as borrower, NiSource Inc., a Delaware corporation, as guarantor, the Lenders parties thereto, JPMorgan Chase Bank, N.A., as Administrative Agent, and the other agents parties thereto

6. Assigned Interest:

Aggregate Amount of Loans for all Lenders	Amount of Loans Assigned	Percentage Assigned of Loans ²
\$	\$	%
\$	\$	%
\$	\$	%

¹Select as applicable.

²Set forth, so at least 9 decimals, as a percentage of the Loans of all Lenders thereunder.

Effective Date: _____, 20__ [TO BE INSERTED BY ADMINISTRATIVE AGENT AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF TRANSFER IN THE REGISTER THEREFOR.]

The terms set forth in this Assignment and Assumption are hereby agreed to:

ASSIGNOR

[NAME OF ASSIGNOR]

By: _____

Title:

ASSIGNEE

[NAME OF ASSIGNEE]

By: _____

Title:

Consented to and Accepted:

JPMORGAN CHASE BANK, N.A., as Administrative Agent

By: _____

Title:

[NISOURCE FINANCE CORP., as Borrower] ³

By: _____

Title:

³To be added only if the consent of the Borrower is required by the terms of the Loan Agreement.

STANDARD TERMS AND CONDITIONS FOR
ASSIGNMENT AND ASSUMPTION

1. Representations and Warranties.

1.1 Assignor. The Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the Assigned Interest, (ii) the Assigned Interest is free and clear of any lien, encumbrance or other adverse claim and (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Loan Agreement or any other Credit Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Credit Documents or any collateral thereunder, (iii) the financial condition of the Borrower, any of its Subsidiaries or Affiliates or any other Person obligated in respect of any Credit Document or (iv) the performance or observance by the Borrower, any of its Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Credit Document.

1.2. Assignee. The Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and to become a Lender under the Loan Agreement, (ii) it satisfies the requirements, if any, specified in the Loan Agreement that are required to be satisfied by it in order to acquire the Assigned Interest and become a Lender, (iii) from and after the Effective Date, it shall be bound by the provisions of the Loan Agreement as a Lender thereunder and, to the extent of the Assigned Interest, shall have the obligations of a Lender thereunder, (iv) it has received a copy of the Loan Agreement, together with copies of the most recent financial statements delivered pursuant to Section 5.01(h) thereof, as applicable, and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption and to purchase the Assigned Interest on the basis of which it has made such analysis and decision independently and without reliance on the Administrative Agent or any other Lender, (v) if it is a Non-U.S. Lender, attached to the Assignment and Assumption is any documentation required to be delivered by it pursuant to the terms of the Loan Agreement, duly completed and executed by the Assignee; and (vi) it does not bear a relationship to the Borrower described in Section 108(e)(4) of the Code; and (b) agrees that (i) it will, independently and without reliance on the Administrative Agent, the Assignor or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Credit Documents are required to be performed by it as a Lender.

2. Payments. From and after the Effective Date, the Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignor for amounts which have accrued to but excluding the Effective Date and to the Assignee for amounts which have accrued from and after the Effective Date.

3. General Provisions. This Assignment and Assumption shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment and Assumption may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment and Assumption by telecopy shall be effective as delivery of a manually executed counterpart of this Assignment and Assumption. This Assignment and Assumption shall be governed by, and construed in accordance with, the law of the State of New York.

EXHIBIT B

FORM OF OPINION OF SCHIFF HARDIN LLP

EXHIBIT C

FORM OF BORROWING REQUEST

BORROWING REQUEST

Date: _____, _____

To: JPMorgan Chase Bank, N.A.,
as Administrative Agent
10 S. Dearborn Street
Floor 7, Mail Code IL1-0010
Chicago, IL 60603
Attention: Duyanna Goodlet
Telecopier: 888-292-9533
Telephone: 312-385-7106
Email: duyanna.l.goodlet@jpmorgan.com

Ladies and Gentlemen:

Reference is made to that certain Term Loan Agreement dated as of August 20, 2014 (as may be amended, restated, amended and restated, extended, supplemented or otherwise modified in writing from time to time in accordance with its terms, the "Agreement"; the terms defined therein being used herein as therein defined), between NiSource Finance Corp., an Indiana corporation (the "Borrower"), NiSource Inc., as guarantor, the Lenders party thereto, JPMorgan Chase Bank, N.A., as the Administrative Agent, and the other parties thereto.

The Borrower hereby requests a Borrowing, as follows:

1. In the aggregate amount of \$_____.
2. On _____, 201_ (a Business Day).
3. Comprised of a [ABR] [Eurodollar] Borrowing.
- [4. With an Interest Period of ___ months.] Insert if a Eurodollar Borrowing.

[4][5]. The Borrower's account to which funds are to be disbursed is:

Account Number: _____

Location: _____

This Borrowing Request and the Borrowing requested herein comply with the Agreement, including Sections 2.01, 2.02 and 3.02 of the Agreement.

NISOURCE FINANCE CORP.

By: _____

Name:

Title: _____

⁴Insert if a Eurodollar Borrowing.

EXHIBIT D

[Intentionally Omitted]

EXHIBIT E

[Intentionally Omitted]

EXHIBIT F

FORM OF NOTE

NOTE

FOR VALUE RECEIVED, the undersigned (the “Borrower”), hereby promises to pay to _____ or registered assigns (the “Lender”), in accordance with the provisions of the Agreement (as hereinafter defined), the aggregate unpaid principal amount of each Loan made by the Lender to the Borrower under that certain Term Loan Agreement dated as of August 20, 2014 (as may be amended, restated, amended and restated, extended, supplemented or otherwise modified in writing from time to time in accordance with its terms, the “Agreement”; the terms defined therein being used herein as therein defined), between the Borrower, NiSource Inc., as guarantor, the Lenders party thereto, JPMorgan Chase Bank, N.A., as the Administrative Agent, and the other parties thereto. The Borrower promises to pay interest on the aggregate unpaid principal amount of each Loan made by the Lender to the Borrower under the Agreement from the date of such Loan until such principal amount is paid in full, at such interest rates and at such times as provided in the Agreement. All payments of principal and interest shall be made to the Administrative Agent for the account of the Lender in Dollars in immediately available funds at the Administrative Agent’s office pursuant to the terms of the Agreement. If any amount is not paid in full when due hereunder, such unpaid amount shall bear interest, to be paid upon demand, from the due date thereof until the date of actual payment (and before as well as after judgment) computed at the per annum rate set forth in the Agreement.

This Note is one of the promissory notes referred to in Section 2.10(e) of the Agreement, is one of the Credit Documents, is entitled to the benefits thereof and may be prepaid in whole or in part subject to the terms and conditions provided therein. Upon the occurrence and continuation of one or more of the Events of Default specified in the Agreement, all amounts then remaining unpaid on this Note shall become, or may be declared to be, immediately due and payable all as provided in the Agreement. Loans made by the Lender shall be evidenced by one or more loan accounts or records maintained by the Lender in the ordinary course of business. The Lender may also attach schedules to this Note and endorse thereon the date, amount and maturity of its Loans and payments with respect thereto.

The Borrower, for itself, its successors and assigns, hereby waives diligence, presentment, protest and demand and notice of protest, demand, dishonor and non-payment of this Note.

THIS NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

NISOURCE FINANCE CORP.

By: _____

Name:

Title:

LOANS AND PAYMENTS WITH RESPECT THERETO

Date	Type of Loan Made	Amount of Loan Made	End of Interest Period	Amount of Principal or Interest Paid This Date	Outstanding Principal Balance This Date	Notation Made By
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____
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_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____

EXHIBIT G

FORM OF INTEREST ELECTION REQUEST

INTEREST ELECTION REQUEST

To: JPMorgan Chase Bank, N.A.,
as Administrative Agent
10 S. Dearborn Street
Floor 7, Mail Code IL1-0010
Chicago, IL 60603
Attention: Duyanna Goodlet
Telecopier: 888-292-9533
Telephone: 312-385-7106
Email: duyanna.l.goodlet@jpmorgan.com

Ladies and Gentlemen:

Reference is made to that certain Term Loan Agreement dated as of August 20, 2014 (as may be amended, restated, amended and restated, extended, supplemented or otherwise modified in writing from time to time in accordance with its terms, the "Agreement"; the terms defined therein being used herein as therein defined), between NiSource Finance Corp., an Indiana corporation (the "Borrower"), NiSource Inc., as guarantor, the Lenders party thereto, JPMorgan Chase Bank, N.A., as the Administrative Agent, and the other parties thereto.

This Interest Election Request is delivered to you pursuant to Section 2.06 of the Agreement and relates to the following:

1. A conversion of a Borrowing A continuation of a Borrowing (select one).
2. In the aggregate principal amount of \$_____.
3. which Borrowing is being maintained as a [ABR Borrowing] [Eurodollar Borrowing with an Interest Period ending on _____, 201_].
4. (select relevant election)

If such Borrowing is a Eurodollar Borrowing, such Borrowing shall be continued as a Eurodollar Borrowing having an Interest Period of [[one week] or [__] months].

If such Borrowing is a Eurodollar Borrowing, such Borrowing shall be converted to an ABR Borrowing.

If such Borrowing is an ABR Borrowing, such Borrowing shall be converted to a Eurodollar Borrowing having an Interest Period of [[one week] or [__] months].

5. Such election to be effective on _____, 201_ (a Business Day).

This Interest Election Request and the election made herein comply with the Agreement, including Section 2.06 of the Agreement.

NISOURCE FINANCE CORP.

By: _____

Name:

Title:

EXHIBIT H

FORM OF PREPAYMENT NOTICE

PREPAYMENT NOTICE

Date: _____, _____

To: JPMorgan Chase Bank, N.A.,
as Administrative Agent
10 S. Dearborn Street
Floor 7, Mail Code IL1-0010
Chicago, IL 60603
Attention: Duyanna Goodlet
Telecopier: 888-292-9533
Telephone: 312-385-7106
Email: duyanna.l.goodlet@jpmorgan.com

Ladies and Gentlemen:

Reference is made to that certain Term Loan Agreement, dated as of August 20, 2014 (as may be amended, restated, amended and restated, extended, supplemented or otherwise modified in writing from time to time in accordance with its terms, the "Agreement"; the terms defined therein being used herein as therein defined), between NiSource Finance Corp., an Indiana corporation (the "Borrower"), NiSource Inc., as guarantor, the Lenders party thereto, JPMorgan Chase Bank, N.A., as the Administrative Agent, and the other parties thereto.

This Prepayment Notice is delivered to you pursuant to Section 2.11 of the Agreement. The Borrower hereby gives notice of a prepayment of Loans as follows:

1. (select Type(s) of Loans)

ABR Loans in the aggregate principal amount of \$_____.

Eurodollar Loans with an Interest Period ending _____, 201_ in the aggregate principal amount of \$_____.

2. On _____, 201_ (a Business Day).

This Prepayment Notice and prepayment contemplated hereby comply with the Agreement, including Section 2.11 of the Agreement.

NISOURCE FINANCE CORP.

By: _____

Name:

Title:

Schedule 2.01
(Term Loan Agreement)

Names, Addresses, Allocation of Aggregate Commitment, and Applicable Percentages of Banks

Bank Name	Domestic Lending Office	Eurodollar Lending Office	Commitment	Applicable Percentage
JPMorgan Chase Bank, N.A.	10 S. Dearborn Street Chicago, IL 60603	10 S. Dearborn Street Chicago, IL 60603	\$85,000,000	11.333333%
CoBank, ACB	On file with the Administrative Agent	On file with the Administrative Agent	\$85,000,000	11.333333%
The Bank of Nova Scotia	On file with the Administrative Agent	On file with the Administrative Agent	\$62,500,000	8.333333%
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	On file with the Administrative Agent	On file with the Administrative Agent	\$62,500,000	8.333333%
Mizuho Bank (USA)	On file with the Administrative Agent	On file with the Administrative Agent	\$62,500,000	8.333333%
PNC Bank, National Association	On file with the Administrative Agent	On file with the Administrative Agent	\$62,500,000	8.333333%
Royal Bank of Canada	On file with the Administrative Agent	On file with the Administrative Agent	\$62,500,000	8.333333%
The Royal Bank of Scotland plc	On file with the Administrative Agent	On file with the Administrative Agent	\$62,500,000	8.333333%

Bank Name	Domestic Lending Office	Eurodollar Lending Office	Commitment	Applicable Percentage
U.S. Bank National Association	On file with the Administrative Agent	On file with the Administrative Agent	\$62,500,000	8.333333%
Wells Fargo Bank, National Association	On file with the Administrative Agent	On file with the Administrative Agent	\$62,500,000	8.333333%
The Bank of New York Mellon	On file with the Administrative Agent	On file with the Administrative Agent	\$20,000,000	2.666667%
Fifth Third Bank	On file with the Administrative Agent	On file with the Administrative Agent	\$20,000,000	2.666667%
The Huntington National Bank	On file with the Administrative Agent	On file with the Administrative Agent	\$20,000,000	2.666667%
Keybank National Association	On file with the Administrative Agent	On file with the Administrative Agent	\$20,000,000	2.666667%
TOTAL			\$750,000,000	100.000000%

Schedule 6.01(e)

EXISTING AGREEMENTS

Receivables Purchase Agreements and Receivables Sales Agreement of (a) Columbia Gas of Ohio Receivables Corporation, (b) Columbia Gas of Pennsylvania Receivables Corporation, (c) NIPSCO Accounts Receivables Corporation and (d) any renewal, modification, extension or replacement of the above, in each case, to provide for receivables financings upon terms and conditions not materially more restrictive on the Guarantor and its Subsidiaries, taken as a whole, than the terms and conditions of such renewed, modified, extended or replaced facility.

**Certification Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002**

I, Robert C. Skaggs, Jr., certify that:

1. I have reviewed this Quarterly Report of NiSource Inc. on Form 10-Q for the quarter ended September 30, 2014 ;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 30, 2014

By:

/s/ Robert C. Skaggs, Jr.

Robert C. Skaggs, Jr.
Chief Executive Officer

**Certification Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002**

I, Stephen P. Smith, certify that:

1. I have reviewed this Quarterly Report of NiSource Inc. on Form 10-Q for the quarter ended September 30, 2014 ;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 30, 2014

By:

/s/ Stephen P. Smith

Stephen P. Smith
Executive Vice President and Chief
Financial Officer

**Certification Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report of NiSource Inc. (the "Company") on Form 10-Q for the quarter ending September 30, 2014 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Robert C. Skaggs, Jr., Chief Executive Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Robert C. Skaggs, Jr.

Robert C. Skaggs, Jr.
Chief Executive Officer

Date: October 30, 2014

**Certification Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report of NiSource Inc. (the "Company") on Form 10-Q for the quarter ending September 30, 2014 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Stephen P. Smith, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Stephen P. Smith

Stephen P. Smith
Executive Vice President and Chief Financial Officer

Date: October 30, 2014

NISOURCE INC/DE

FORM 10-Q (Quarterly Report)

Filed 04/30/15 for the Period Ending 03/31/15

Address	801 EAST 86TH AVE MERRILLVILLE, IN 46410-6272
Telephone	2196475200
CIK	0001111711
Symbol	NI
Fiscal Year	12/31

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2015

or

- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 001-16189

NiSource Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

35-2108964

(I.R.S. Employer
Identification No.)

801 East 86th Avenue
Merrillville, Indiana

(Address of principal executive offices)

46410

(Zip Code)

(877) 647-5990

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files.)

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: Common Stock, \$0.01 Par Value: 317,377,794 shares outstanding at April 23, 2015 .

NISOURCE INC.
FORM 10-Q QUARTERLY REPORT
FOR THE QUARTER ENDED MARCH 31, 2015

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DEFINED TERMS

The following is a list of frequently used abbreviations or acronyms that are found in this report:

NiSource Subsidiaries and Affiliates

Capital Markets	NiSource Capital Markets, Inc.
CER	Columbia Energy Resources, Inc.
CEVCO	Columbia Energy Ventures, LLC
CGORC	Columbia Gas of Ohio Receivables Corporation
Columbia	Columbia Energy Group
Columbia Gulf	Columbia Gulf Transmission Company, LLC
Columbia Midstream	Columbia Midstream Group, LLC
Columbia of Kentucky	Columbia Gas of Kentucky, Inc.
Columbia of Maryland	Columbia Gas of Maryland, Inc.
Columbia of Massachusetts	Bay State Gas Company
Columbia of Ohio	Columbia Gas of Ohio, Inc.
Columbia OpCo	CPG OpCo LP
Columbia of Pennsylvania	Columbia Gas of Pennsylvania, Inc.
Columbia of Virginia	Columbia Gas of Virginia, Inc.
Columbia Transmission	Columbia Gas Transmission, LLC
CPG	Columbia Pipeline Group
CPPL	Columbia Pipeline Partners LP
CPRC	Columbia Gas of Pennsylvania Receivables Corporation
Crossroads Pipeline	Crossroads Pipeline Company
Hardy Storage	Hardy Storage Company, LLC
Millennium	Millennium Pipeline Company, L.L.C.
NARC	NIPSCO Accounts Receivable Corporation
NDC Douglas Properties	NDC Douglas Properties, Inc.
NIPSCO	Northern Indiana Public Service Company
NiSource	NiSource Inc.
NiSource Corporate Services	NiSource Corporate Services Company
NiSource Development Company	NiSource Development Company, Inc.
NiSource Finance	NiSource Finance Corp.
Pennant	Pennant Midstream, LLC

Abbreviations

AFUDC	Allowance for funds used during construction
AOC	Administrative Order by Consent
AOCI	Accumulated Other Comprehensive Income (Loss)
ASU	Accounting Standards Update
BBA	British Banker Association
Bcf	Billion cubic feet
BNS	Bank of Nova Scotia
BTMU	The Bank of Tokyo-Mitsubishi UFJ, LTD.
BTU	British Thermal Unit
CAA	Clean Air Act
CAIR	Clean Air Interstate Rule

DEFINED TERMS (continued)

CAMR	Clean Air Mercury Rule
CCRs	Coal Combustion Residuals
CCRM	Capital Cost Recovery Mechanism
CERCLA	Comprehensive Environmental Response Compensation and Liability Act (also known as Superfund)
CO ₂	Carbon Dioxide
DEP	Department of Environmental Protection
DIMP	Distribution Integrity Management Program
DPU	Department of Public Utilities
DSM	Demand Side Management
Dth	Dekatherm
Dth/d	Dekatherm per day
ECR	Environmental Cost Recovery
ECRM	Environmental Cost Recovery Mechanism
ECT	Environmental Cost Tracker
EERM	Environmental Expense Recovery Mechanism
EPA	United States Environmental Protection Agency
EPS	Earnings per share
FAC	Fuel adjustment clause
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
FGD	Flue Gas Desulfurization
FTRs	Financial Transmission Rights
GAAP	Generally Accepted Accounting Principles
GAF	Gas Adjustment Factor
GCIM	Gas Cost Incentive Mechanism
GCR	Gas cost recovery
GHG	Greenhouse gases
gwh	Gigawatt hours
Hilcorp	Hilcorp Energy Company
hp	Horsepower
IDEM	Indiana Department of Environmental Management
IPO	Initial Public Offering
INDIEC	Indiana Industrial Energy Consumers, Inc.
IRP	Infrastructure Replacement Program
IURC	Indiana Utility Regulatory Commission
kV	Kilovolt
LDAF	Local Distribution Adjustment Factor
LDCs	Local distribution companies
LIBOR	London InterBank Offered Rate
LIFO	Last-in, first-out
LNG	Liquefied Natural Gas
MATS	Mercury and Air Toxics Standards
Mcf	Thousand cubic feet
MMcf	Million cubic feet

DEFINED TERMS (continued)

MGP	Manufactured Gas Plant
MISO	Midcontinent Independent System Operator
Mizuho	Mizuho Corporate Bank Ltd.
MLP	Master Limited Partnership
MMDth	Million dekatherms
mw	Megawatts
mwh	Megawatt hours
NAAQS	National Ambient Air Quality Standards
NGL	Natural Gas Liquids
NOV	Notice of Violation
NO ₂	Nitrogen dioxide
NO _x	Nitrogen oxide
NYMEX	New York Mercantile Exchange
OCI	Other Comprehensive Income (Loss)
OPEB	Other Postretirement Benefits
OUCC	Indiana Office of Utility Consumer Counselor
PEF	Pension Expense Factor
Piedmont	Piedmont Natural Gas Company, Inc.
PM	Particulate matter
PNC	PNC Bank, N.A.
Proposed Separation	On September 28, 2014, NiSource announced that its Board of Directors had approved in principle plans to separate its natural gas pipeline and related businesses into a stand-alone publicly traded company.
PUC	Public Utility Commission
PUCO	Public Utilities Commission of Ohio
RA	Resource Adequacy
RAAF	Residential Assistance Adjustment Factor
RACT	Reasonably Available Control Technology
RBS	Royal Bank of Scotland, PLC
RTO	Regional Transmission Organization
SAVE	Steps to Advance Virginia's Energy
SEC	Securities and Exchange Commission
SIP	State Implementation Plan
SO ₂	Sulfur dioxide
TDSIC	Transmission, Distribution and Storage System Improvement Charge
TUAs	Transmission Upgrade Agreements
VIE	Variable Interest Entities
VSCC	Virginia State Corporation Commission

PART I**ITEM 1. FINANCIAL STATEMENTS****NiSource Inc.
Condensed Statements of Consolidated Income (unaudited)**

	Three Months Ended March 31,	
	2015	2014
<i>(in millions, except per share amounts)</i>		
Net Revenues		
Gas Distribution	\$ 1,080.7	\$ 1,215.0
Gas Transportation and Storage	628.0	578.5
Electric	394.7	450.0
Other	46.3	77.0
Gross Revenues	2,149.7	2,320.5
Cost of Sales (excluding depreciation and amortization)	806.0	1,061.3
Total Net Revenues	1,343.7	1,259.2
Operating Expenses		
Operation and maintenance	574.1	501.2
Depreciation and amortization	157.5	148.7
Gain on sale of assets	(5.0)	(15.7)
Other taxes	102.4	101.1
Total Operating Expenses	829.0	735.3
Equity Earnings in Unconsolidated Affiliates	15.4	9.8
Operating Income	530.1	533.7
Other Income (Deductions)		
Interest expense, net	(111.0)	(109.1)
Other, net	7.1	4.5
Total Other Deductions	(103.9)	(104.6)
Income from Continuing Operations before Income Taxes	426.2	429.1
Income Taxes	150.9	162.7
Income from Continuing Operations	275.3	266.4
Loss from Discontinued Operations - net of taxes	—	(0.2)
Net Income	275.3	266.2
Less: Net income attributable to noncontrolling interest	6.9	—
Net Income attributable to NiSource	\$ 268.4	\$ 266.2
Amounts attributable to NiSource:		
Income from continuing operations	\$ 268.4	\$ 266.4
Loss from discontinued operations	—	(0.2)
Net Income attributable to NiSource	\$ 268.4	\$ 266.2
Basic Earnings Per Share		
Continuing operations	\$ 0.85	\$ 0.85
Discontinued operations	—	—
Basic Earnings Per Share	\$ 0.85	\$ 0.85
Diluted Earnings Per Share		
Continuing operations	\$ 0.85	\$ 0.85
Discontinued operations	—	—
Diluted Earnings Per Share	\$ 0.85	\$ 0.85
Dividends Declared Per Common Share	\$ 0.52	\$ 0.50
Basic Average Common Shares Outstanding	316.6	314.2
Diluted Average Common Shares	317.4	315.1

The accompanying Notes to Condensed Consolidated Financial Statements (unaudited) are an integral part of these statements.

[Table of Contents](#)ITEM 1. FINANCIAL STATEMENTS (continued)**NiSource Inc.**
Condensed Statements of Consolidated Comprehensive Income (unaudited)

<i>(in millions, net of taxes)</i>	Three Months Ended March 31,	
	2015	2014
Net Income	\$ 275.3	\$ 266.2
Other comprehensive income		
Net unrealized gain on available-for-sale securities ⁽¹⁾	0.9	0.3
Net unrealized gain on cash flow hedges ⁽²⁾	0.9	0.6
Unrecognized pension and OPEB benefit ⁽³⁾	0.2	0.2
Total other comprehensive income	2.0	1.1
Comprehensive Income	\$ 277.3	\$ 267.3
Less: Comprehensive income attributable to noncontrolling interest	6.9	—
Comprehensive Income attributable to NiSource	\$ 270.4	\$ 267.3

⁽¹⁾Net unrealized gain on available-for-sale securities, net of \$ 0.5 million and \$ 0.2 million tax expense in the first quarter of 2015 and 2014 , respectively.

⁽²⁾Net unrealized gains on derivatives qualifying as cash flow hedges, net of \$ 0.4 million and \$0.4 million tax expense in the first quarter of 2015 and 2014 , respectively.

⁽³⁾Unrecognized pension and OPEB benefit, net of \$0.1 million and zero tax expense in the first quarter of 2015 and 2014 , respectively.

The accompanying Notes to Condensed Consolidated Financial Statements (unaudited) are an integral part of these statements.

[Table of Contents](#)ITEM 1. FINANCIAL STATEMENTS (continued)**NiSource Inc.**
Condensed Consolidated Balance Sheets (unaudited)

<i>(in millions)</i>	March 31, 2015	December 31, 2014
ASSETS		
Property, Plant and Equipment		
Utility plant	\$ 25,593.9	\$ 25,234.8
Accumulated depreciation and amortization	(9,686.7)	(9,578.6)
Net utility plant	15,907.2	15,656.2
Other property, at cost, less accumulated depreciation	376.2	360.9
Net Property, Plant and Equipment	16,283.4	16,017.1
Investments and Other Assets		
Unconsolidated affiliates	447.9	452.6
Other investments	208.7	210.4
Total Investments and Other Assets	656.6	663.0
Current Assets		
Cash and cash equivalents	42.0	25.4
Restricted cash	21.6	24.9
Accounts receivable (less reserve of \$40.3 and \$25.2, respectively)	1,152.0	1,070.1
Gas inventory	134.4	445.1
Underrecovered gas and fuel costs	25.5	32.0
Materials and supplies, at average cost	109.0	106.0
Electric production fuel, at average cost	75.5	64.8
Exchange gas receivable	77.0	63.1
Regulatory assets	159.5	193.5
Deferred income taxes	277.2	272.1
Prepayments and other	187.3	169.5
Total Current Assets	2,261.0	2,466.5
Other Assets		
Regulatory assets	1,683.2	1,696.4
Goodwill	3,666.2	3,666.2
Intangible assets	261.9	264.7
Deferred charges and other	86.6	92.4
Total Other Assets	5,697.9	5,719.7
Total Assets	\$ 24,898.9	\$ 24,866.3

The accompanying Notes to Condensed Consolidated Financial Statements (unaudited) are an integral part of these statements.

[Table of Contents](#)ITEM 1. FINANCIAL STATEMENTS (continued)**NiSource Inc.****Condensed Consolidated Balance Sheets (unaudited) (continued)**

<i>(in millions, except share amounts)</i>	March 31, 2015	December 31, 2014
CAPITALIZATION AND LIABILITIES		
Capitalization		
NiSource Common Stockholders' Equity		
Common stock - \$0.01 par value, 400,000,000 shares authorized; 317,281,405 and 316,037,421 shares outstanding, respectively	\$ 3.2	\$ 3.2
Additional paid-in capital	5,048.4	4,787.6
Retained earnings	1,597.5	1,494.0
Accumulated other comprehensive loss	(46.6)	(50.6)
Treasury stock	(79.0)	(58.9)
Total NiSource Common Stockholders' Equity	6,523.5	6,175.3
Noncontrolling interest in consolidated subsidiaries	946.2	—
Total Equity	7,469.7	6,175.3
Long-term debt, excluding amounts due within one year	7,957.9	8,155.9
Total Capitalization	15,427.6	14,331.2
Current Liabilities		
Current portion of long-term debt	462.7	266.6
Short-term borrowings	314.0	1,576.9
Accounts payable	563.9	670.6
Dividends payable	82.4	—
Customer deposits and credits	172.6	294.3
Taxes accrued	287.1	266.7
Interest accrued	81.4	140.7
Overrecovered gas and fuel costs	172.3	45.6
Exchange gas payable	65.8	136.2
Deferred revenue	25.5	25.6
Regulatory liabilities	102.0	62.4
Accrued capital expenditures	80.3	61.1
Accrued liability for postretirement and postemployment benefits	5.9	5.9
Legal and environmental	25.4	24.2
Other accruals	317.1	378.1
Total Current Liabilities	2,758.4	3,954.9
Other Liabilities and Deferred Credits		
Deferred income taxes	3,803.5	3,661.6
Deferred investment tax credits	16.7	17.3
Deferred credits	105.5	101.1
Accrued liability for postretirement and postemployment benefits	653.7	675.9
Regulatory liabilities	1,678.6	1,673.8
Asset retirement obligations	160.9	159.4
Other noncurrent liabilities	294.0	291.1
Total Other Liabilities and Deferred Credits	6,712.9	6,580.2
Commitments and Contingencies (Refer to Note 16)	—	—
Total Capitalization and Liabilities	\$ 24,898.9	\$ 24,866.3

The accompanying Notes to Condensed Consolidated Financial Statements (unaudited) are an integral part of these statements.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Condensed Statements of Consolidated Cash Flows (unaudited)

Three Months Ended March 31, <i>(in millions)</i>	2015	2014
Operating Activities		
Net Income	\$ 275.3	\$ 266.2
Adjustments to Reconcile Net Income to Net Cash from Continuing Operations:		
Depreciation and amortization	157.5	148.7
Net changes in price risk management assets and liabilities	(0.5)	0.8
Deferred income taxes and investment tax credits	135.1	148.9
Deferred revenue	5.3	1.8
Stock compensation expense and 401(k) profit sharing contribution	19.4	13.9
Gain on sale of assets	(5.0)	(15.7)
Income from unconsolidated affiliates	(14.5)	(9.6)
Loss from discontinued operations - net of taxes	—	0.2
Amortization of debt related costs	2.5	2.4
AFUDC equity	(6.0)	(4.0)
Distributions of earnings received from equity investees	18.3	7.6
Changes in Assets and Liabilities		
Accounts receivable	(93.8)	(265.1)
Income tax receivable	—	0.9
Inventories	297.2	274.0
Accounts payable	(84.2)	126.5
Customer deposits and credits	(121.7)	(23.1)
Taxes accrued	22.0	19.3
Interest accrued	(59.3)	(61.1)
Over (Under) recovered gas and fuel costs	133.2	(74.2)
Exchange gas receivable/payable	(84.3)	(134.2)
Other accruals	(60.3)	(30.1)
Prepayments and other current assets	(16.2)	4.5
Regulatory assets/liabilities	90.6	2.9
Postretirement and postemployment benefits	(21.6)	(19.3)
Deferred credits	5.8	8.4
Deferred charges and other noncurrent assets	5.2	(0.2)
Other noncurrent liabilities	4.3	4.0
Net Operating Activities from Continuing Operations	604.3	394.4
Net Operating Activities from (used for) Discontinued Operations	—	(0.4)
Net Cash Flows from Operating Activities	604.3	394.0
Investing Activities		
Capital expenditures	(407.5)	(386.3)
Proceeds from disposition of assets	11.7	5.3
Restricted cash withdrawals (deposits)	3.3	(2.9)
Distributions from (contributions to) equity investees	1.2	(31.0)
Other investing activities	2.4	7.0
Net Cash Flows used for Investing Activities	(388.9)	(407.9)
Financing Activities		
Issuance of common units of CPPL, net of issuance costs	1,168.4	—
Repayments of long-term debt and capital lease obligations	(8.0)	(9.1)
Change in short-term borrowings, net	(1,262.9)	113.8
Issuance of common stock	5.0	0.0

Acquisition of treasury stock	(20.1)	(10.0)
Dividends paid - common stock	(82.1)	(78.5)
Net Cash Flows (used for) from Financing Activities	(198.8)	25.1
Change in cash and cash equivalents from continuing operations	16.6	11.6
Change in cash and cash equivalents from (used for) discontinued operations	—	(0.4)
Cash and cash equivalents at beginning of period	25.4	26.8
Cash and Cash Equivalents at End of Period	\$ 42.0	\$ 38.0

The accompanying Notes to Condensed Consolidated Financial Statements (unaudited) are an integral part of these statements.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Condensed Statement of Consolidated Equity (unaudited)

<i>(in millions)</i>	Common Stock	Treasury Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income/(Loss)	Noncontrolling Interest in Consolidated Subsidiaries	Total
Balance as of January 1, 2015	\$ 3.2	\$ (58.9)	\$ 4,787.6	\$ 1,494.0	\$ (50.6)	\$ —	\$ 6,175.3
Comprehensive Income:							
Net Income	—	—	—	268.4	—	6.9	275.3
Other comprehensive income, net of tax	—	—	—	—	2.0	—	2.0
Allocation of AOCI to noncontrolling interest	—	—	—	—	2.0	(2.0)	—
Common stock dividends (\$0.52 per share)	—	—	—	(164.9)	—	—	(164.9)
Treasury stock acquired	—	(20.1)	—	—	—	—	(20.1)
Issued:							
Common units of CPPL	—	—	—	—	—	1,168.4	1,168.4
Employee stock purchase plan	—	—	1.2	—	—	—	1.2
Long-term incentive plan	—	—	11.0	—	—	—	11.0
401(k) and profit sharing issuance	—	—	19.6	—	—	—	19.6
Dividend reinvestment plan	—	—	1.9	—	—	—	1.9
Sale of interest in Columbia OpCo to CPPL ⁽¹⁾	—	—	227.1	—	—	(227.1)	—
Balance as of March 31, 2015	\$ 3.2	\$ (79.0)	\$ 5,048.4	\$ 1,597.5	\$ (46.6)	\$ 946.2	\$ 7,469.7

⁽¹⁾ Represents the purchase of an additional 8.4% limited partner interest in Columbia OpCo, recorded at the historical carrying value of Columbia OpCo's net assets after giving effect to the \$1,168.4 million equity contribution.

The accompanying Notes to Condensed Consolidated Financial Statements (unaudited) are an integral part of these statements.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited)

1. Basis of Accounting Presentation

The accompanying Condensed Consolidated Financial Statements (unaudited) for NiSource (the “Company”) reflect all normal recurring adjustments that are necessary, in the opinion of management, to present fairly the results of operations in accordance with GAAP in the United States of America. The accompanying financial statements contain the accounts of the Company and its majority-owned or controlled subsidiaries, including CPPL (see Note 3).

The accompanying financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in NiSource’s Annual Report on Form 10-K for the fiscal year ended December 31, 2014 . Income for interim periods may not be indicative of results for the calendar year due to weather variations and other factors.

The Condensed Consolidated Financial Statements (unaudited) have been prepared pursuant to the rules and regulations of the SEC. Certain information and note disclosures normally included in annual financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to those rules and regulations, although NiSource believes that the disclosures made are adequate to make the information not misleading.

Planned Separation of Columbia Pipeline Group

On September 28, 2014, NiSource announced that its Board of Directors had approved in principle plans to separate its natural gas pipeline and related businesses into a stand-alone publicly traded company (the “Proposed Separation”). If completed, the Proposed Separation will result in two energy infrastructure companies: NiSource Inc., a fully regulated natural gas and electric utilities company, and Columbia Pipeline Group Inc., a natural gas pipeline, midstream and storage company (“CPG”). The Proposed Separation is expected to occur on July 1, 2015.

Under the plan for the Proposed Separation, NiSource shareholders would retain their current shares of NiSource stock and receive a *pro rata* distribution of shares of CPG stock in a transaction that is expected to be tax-free to NiSource and its shareholders.

2. Recent Accounting Pronouncements

In April 2015, the FASB issued ASU 2015-05, *Intangibles - Goodwill and Other-Internal-Use Software (Subtopic 350-40): Customer's Accounting for Fees Paid in a Cloud Computing Arrangement*. ASU 2015-05 clarifies guidance on determining whether a cloud computing arrangement contains a software license that should be accounted for as internal-use software. NiSource is required to adopt ASU 2015-05 for periods beginning after December 15, 2015, including interim periods, and the guidance is permitted to be applied either (1) prospectively to all agreements entered into or materially modified after the effective date or (2) retrospectively, with early adoption permitted. NiSource is currently evaluating the impact the adoption of ASU 2015-05 will have on the Condensed Consolidated Financial Statements (unaudited) or Notes to Condensed Consolidated Financial Statements (unaudited).

In April 2015, the FASB issued ASU 2015-03, *Interest - Imputation of Interest (Subtopic 835-30) : Simplifying the Presentation of Debt Issuance Costs* . ASU 2015-03 changes the way entities present debt issuance costs in financial statements by presenting issuance costs on the balance sheet as a direct deduction from the related debt liability rather than as a deferred charge. Amortization of these costs will continue to be reported as interest expense. NiSource is required to adopt ASU 2015-03 for periods beginning after December 15, 2015, including interim periods, and the guidance is to be applied retrospectively with early adoption permitted. NiSource is currently evaluating the impact the adoption of ASU 2015-03 will have on the Condensed Consolidated Financial Statements (unaudited) or Notes to Condensed Consolidated Financial Statements (unaudited).

In February 2015, the FASB issued ASU 2015-02, *Consolidation (Topic 810): Amendments to the Consolidation Analysis* . ASU 2015-02 amends consolidation guidance by including changes to the variable and voting interest models used by entities to evaluate whether an entity should be consolidated. NiSource is required to adopt ASU 2015-02 for periods beginning after December 15, 2015, including interim periods, and the guidance is to be applied retrospectively or using a modified retrospective approach, with early adoption permitted. NiSource is currently evaluating the impact the adoption of ASU 2015-02 will have on the Condensed Consolidated Financial Statements (unaudited) and Notes to Condensed Consolidated Financial Statements (unaudited).

[Table of Contents](#)ITEM 1. FINANCIAL STATEMENTS (continued)**NiSource Inc.****Notes to Condensed Consolidated Financial Statements (unaudited) (continued)****3. Columbia Pipeline Partners LP (CPPL)**

On December 5, 2007, NiSource formed CPPL (the "Partnership") (NYSE: CPPL) to own, operate and develop a portfolio of pipelines, storage and related assets.

On February 11, 2015, CPPL completed its IPO of 53.8 million common units representing limited partnership interests, constituting 53.5% of the Partnership's outstanding limited partnership interests. The Partnership received \$1,168.4 million of net proceeds from the IPO. NiSource, through CPG, owns the general partner of the Partnership, all of the Partnership's subordinated units and the incentive distribution rights. The assets of the Partnership consist of a 15.7 percent limited partner interest in Columbia OpCo, which consists of substantially all of the Columbia Pipeline Group Operations segment. The operations of the Partnership will be consolidated in NiSource's results as long as the Partnership remains a subsidiary. If the Proposed Separation occurs, CPG would no longer be a subsidiary of NiSource and, thus, NiSource would cease to own (a) any interest in Columbia OpCo, (b) the general partner of the Partnership, (c) any of the limited partner interests in the Partnership or (d) any of the incentive distribution rights in the Partnership. As of March 31, 2015, the portion of CPPL owned by the public is reflected as a noncontrolling interest in the Condensed Consolidated Financial Statements (unaudited).

The table below summarizes the effects of the changes in NiSource's ownership interest in Columbia OpCo on equity:

<i>(in millions)</i>	Three Months Ended March 31, 2015
Net income attributable to NiSource	268.4
Increase in NiSource's paid-in capital for the sale of 8.4% of Columbia OpCo	227.1
Change from net income attributable to NiSource and transfers to noncontrolling interest	495.5

The Partnership maintains a \$500.0 million revolving credit facility, of which \$50.0 million is available for issuance of letters of credit. The purpose of the facility is to provide cash for general partnership purposes, including working capital, capital expenditures and the funding of capital calls. At March 31, 2015, CPPL had no outstanding borrowings under this facility.

4. Earnings Per Share

Basic EPS is computed by dividing net income attributable to NiSource by the weighted-average number of shares of common stock outstanding for the period. The weighted average shares outstanding for diluted EPS includes the incremental effects of the various long-term incentive compensation plans. The numerator in calculating both basic and diluted EPS for each period is reported net income attributable to NiSource. The computation of diluted average common shares follows:

<i>(in thousands)</i>	Three Months Ended March 31,	
	2015	2014
Denominator		
Basic average common shares outstanding	316,587	314,222
Dilutive potential common shares:		
Stock options	—	59
Shares contingently issuable under employee stock plans	335	399
Shares restricted under stock plans	468	442
Diluted Average Common Shares	317,390	315,122

[Table of Contents](#)ITEM 1. FINANCIAL STATEMENTS (continued)**NiSource Inc.****Notes to Condensed Consolidated Financial Statements (unaudited) (continued)****5. Gas in Storage**

Both the LIFO inventory methodology and the weighted average cost methodology are used to value natural gas in storage. Gas Distribution Operations price natural gas storage injections at the average of the costs of natural gas supply purchased during the year. For interim periods, the difference between current projected replacement cost and the LIFO cost for quantities of gas temporarily withdrawn from storage is recorded as a temporary LIFO liquidation credit or debit within the Condensed Consolidated Balance Sheets (unaudited). Due to seasonality requirements, NiSource expects interim variances in LIFO layers to be replenished by year-end. NiSource had a temporary LIFO liquidation debit of \$25.3 million and zero as of March 31, 2015 and December 31, 2014, respectively, for certain gas distribution companies recorded within "Prepayments and other," on the Condensed Consolidated Balance Sheets (unaudited).

6. Asset Retirement Obligations

Certain costs of removal that have been, and continue to be, included in depreciation rates and collected in the service rates of the rate-regulated subsidiaries are classified as "Regulatory liabilities" on the Condensed Consolidated Balance Sheets (unaudited).

Changes in NiSource's liability for asset retirement obligations for the three months ended March 31, 2015 and 2014 are presented in the table below:

<i>(in millions)</i>	2015		2014	
Balance as of January 1,	\$	159.4	\$	174.4
Accretion expense		0.4		0.4
Accretion recorded as a regulatory asset/liability		1.9		2.1
Additions		—		0.1
Settlements		(0.7)		(0.5)
Change in estimated cash flows		(0.1)		—
Balance as of March 31,	\$	160.9	\$	176.5

7. Regulatory MattersGas Distribution Operations Regulatory Matters

Significant Rate Developments . On November 25, 2014, Columbia of Ohio filed a Notice of Intent to file an application to adjust rates associated with its IRP and DSM Riders. Columbia of Ohio filed its Application on February 27, 2015, and requested authority to increase revenues by \$24.7 million . On March 26, 2015, PUCO Staff filed Comments recommending that the PUCO approve Columbia of Ohio's application in full. On April 22, 2015, the PUCO issued an Order that approved Columbia of Ohio's application.

On March 19, 2015, Columbia of Pennsylvania filed a base rate case with the Pennsylvania PUC, seeking a revenue increase of \$46.2 million annually. The case is driven by Columbia of Pennsylvania's capital investment program which exceeds \$197.0 million in 2015 and \$211.0 million in 2016 as well as costs to train and comply with pipeline safety-related operation and maintenance expenditures. Columbia of Pennsylvania's request for rate relief includes the recovery of costs that are projected to be incurred after the implementation of new rates, as authorized by the Pennsylvania General Assembly with the passage of Act 11 of 2012. New rates are expected to go into effect during the fourth quarter of 2015.

On April 16, 2015, Columbia of Massachusetts filed a base rate case with the Massachusetts DPU. The case, which seeks increased annual revenues of approximately \$49.0 million, is designed to support the company's continued focus on providing safe and reliable service in compliance with increasing state and federal regulations and oversight, and recovery of associated increased operations and maintenance costs. An order in the proceeding is expected on February 29, 2016 with new rates effective March 1, 2016.

On April 30, 2014, Columbia of Virginia filed a base rate case with the VSCC seeking an annual revenue increase of \$31.8 million, which includes \$6.9 million in annual revenues currently collected as a separate infrastructure replacement rider on customers' bills under the Virginia SAVE Plan Act. On December 10, 2014, Columbia of Virginia presented at hearing a Stipulation and Proposed Recommendation ("Stipulation") executed by certain parties to the rate proceeding, including the Staff of the VSCC and the Division of Consumer Counsel of the Office of the Attorney General of the Commonwealth of Virginia. The Stipulation includes

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

a base revenue increase of \$25.2 million, recovery of costs related to the implementation of pipeline safety programs, and the proposed change to thermal billing. On January 13, 2015, the Hearing Examiner issued a report that recommended that the VSCC approve the Stipulation. On March 30, 2015, the VSCC issued an Order Remanding for Further Action. In the Order, the VSCC found the revenue increase of \$25.2 million and apportionment of that increase between rate classes contained in the Stipulation reasonable. However, the VSCC remanded back to the Hearing Examiner for further proceedings the manner in which fixed costs are to be assigned to the fixed customer charges of each rate class.

Cost Recovery and Trackers. A significant portion of the distribution companies' revenue is related to the recovery of gas costs, the review and recovery of which occurs via standard regulatory proceedings. All states require periodic review of actual gas procurement activity to determine prudence and to permit the recovery of prudently incurred costs related to the supply of gas for customers. NiSource distribution companies have historically been found prudent in the procurement of gas supplies to serve customers.

Certain operating costs of the NiSource distribution companies are significant, recurring in nature, and generally outside the control of the distribution companies. Some states allow the recovery of such costs via cost tracking mechanisms. Such tracking mechanisms allow for abbreviated regulatory proceedings in order for the distribution companies to implement charges and recover appropriate costs. Tracking mechanisms allow for more timely recovery of such costs as compared with more traditional cost recovery mechanisms. Examples of such tracking mechanisms include GCR adjustment mechanisms, tax riders, and bad debt recovery mechanisms.

Comparability of Gas Distribution Operations line item operating results is impacted by regulatory trackers that allow for the recovery in rates of certain costs such as bad debt expense. Increases in the expenses that are the subject of trackers, result in a corresponding increase in net revenues and therefore have essentially no impact on total operating income results.

Certain of the NiSource distribution companies have completed rate proceedings involving infrastructure replacement or are embarking upon regulatory initiatives to replace significant portions of their operating systems that are nearing the end of their useful lives. Each LDC's approach to cost recovery may be unique, given the different laws, regulations and precedent that exist in each jurisdiction.

NIPSCO has approval from the IURC to recover certain costs for gas transmission, distribution and storage system improvements. On February 27, 2015, NIPSCO filed gas TDSIC-2 which included \$43.3 million of net capital expenditures for the period ended December 31, 2014.

Columbia Pipeline Group Operations Regulatory Matters

Columbia Transmission Customer Settlement. In January 2015, Columbia Pipeline Group Operations commenced the third year of the Columbia Transmission long-term system modernization program. The Columbia Pipeline Group Operations segment expects to invest approximately \$300.0 million in modernization investments during 2015. Recovery of approximately \$320.0 million of investments made in 2014 began on February 1, 2015.

Cost Recovery Trackers. A significant portion of the transmission and storage regulated companies' revenue is related to the recovery of their operating costs, the review and recovery of which occurs via standard regulatory proceedings with the FERC under section 4 of the Natural Gas Act. However, certain operating costs of the NiSource regulated transmission and storage companies are significant and recurring in nature, such as fuel for compression and lost and unaccounted for gas. The FERC allows for the recovery of such costs via cost tracking mechanisms. These tracking mechanisms allow the transmission and storage companies' rates to fluctuate in response to changes in certain operating costs or conditions as they occur to facilitate the timely recovery of its costs incurred. The tracking mechanisms involve a rate adjustment that is filed at a predetermined frequency, typically annually, with the FERC and is subject to regulatory review before new rates go into effect. Other such costs under regulatory tracking mechanisms include upstream pipeline transmission, electric compression, operational purchases and sales of natural gas, and the revenue requirement for capital investments made under Columbia Transmission's long-term plan to modernize its interstate transmission system as discussed above.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

Electric Operations Regulatory Matters

Significant Rate Developments . On July 19, 2012 and December 19, 2012, the FERC issued orders approving construction work in progress in rate base and abandoned plant cost recovery requested by NIPSCO for a 100-mile, 345 kV transmission project and its right to develop 50 percent of the 66-mile, 765 kV project. NIPSCO began recording revenue in the first quarter of 2013 using a forward looking rate, based on an average construction work in progress balance. For the three months ended March 31, 2015 and 2014, revenue of \$5.3 million and \$2.1 million , respectively, was recorded.

On July 19, 2013, NIPSCO filed its electric TDSIC with the IURC. The filing included the seven-year plan of eligible investments for a total of approximately \$1.1 billion with the majority of the spend occurring in years 2016 through 2020. On February 17, 2014, the IURC issued an order approving NIPSCO's seven-year plan of eligible investments. The Order also granted NIPSCO ratemaking relief associated with the eligible investments through a rate adjustment mechanism. The NIPSCO Industrial Group and the OUCC have filed Notices of Appeal with the Indiana Court of Appeals in response to the IURC's ruling. On November 25, 2014, NIPSCO's requested TDSIC factors were approved on an interim basis and subject to refund, pending the outcome of the appeals of the IURC's February 17, 2014 Orders. On April 8, 2015, the Court of Appeals issued an Order concluding that the IURC erred in approving NIPSCO's seven-year plan given its lack of detail regarding the projects for years two through seven. The Court then remanded the decision to the IURC. The April 8, 2015 Order is final after the expiration of 30 days if no parties petition for transfer to the Supreme Court. However, if a party petitions for transfer to the Supreme Court, the Order is not final until completion of the appellate process. NIPSCO is reviewing this decision and evaluating its options and does not believe the impact is material to the Condensed Consolidated Financial Statements (unaudited).

Cost Recovery and Trackers . A significant portion of NIPSCO's revenue is related to the recovery of fuel costs to generate power and the fuel costs related to purchased power. These costs are recovered through a FAC, a standard, quarterly, "summary" regulatory proceeding in Indiana.

Certain operating costs of the Electric Operations are significant, recurring in nature, and generally outside the control of NIPSCO. The IURC allows for recovery of such costs via cost tracking mechanisms. Such tracking mechanisms allow for abbreviated regulatory proceedings in order for NIPSCO to implement charges and recover appropriate costs. Tracking mechanisms allow for more timely recovery of such costs as compared with more traditional cost recovery mechanisms. Examples of such mechanisms include electric energy efficiency programs, MISO non-fuel costs and revenues, resource capacity charges, and environmental related costs.

NIPSCO has approval from the IURC to recover certain environmental related costs through an ECT. Under the ECT, NIPSCO is permitted to recover (1) AFUDC and a return on the capital investment expended by NIPSCO to implement environmental compliance plan projects through an ECRM and (2) related operation and maintenance and depreciation expenses once the environmental facilities become operational through an EERM.

On April 22, 2015, the IURC issued an order on ECR-25 approving NIPSCO's request to begin earning a return on \$734.1 million of net capital expenditures for the period ended December 31, 2014. The order also approved a revised capital cost estimate of \$264.8 million for its Phase III multi-pollutant compliance plan projects related to the Unit 12 FGD, an increase from the previous IURC approved cost estimate of \$246.3 million .

NIPSCO has approval from the IURC to recover certain costs for transmission and distribution system improvements through the electric TDSIC. On November 25, 2014, the IURC approved, on an interim basis and subject to refund pending the outcome of appeals, NIPSCO's requested TDSIC factors associated with the eligible investments, which included \$19.4 million of net capital expenditures for the period ended June 30, 2014. On February 26, 2015, NIPSCO filed electric TDSIC-2 which included \$62.3 million of net capital expenditures for the period ended December 31, 2014. See further discussion regarding the electric TDSIC above.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

8. Fair Value

A. Fair Value Measurements

Recurring Fair Value Measurements. The following tables present financial assets and liabilities measured and recorded at fair value on NiSource's Condensed Consolidated Balance Sheets (unaudited) on a recurring basis and their level within the fair value hierarchy as of March 31, 2015 and December 31, 2014 :

Recurring Fair Value Measurements March 31, 2015 (in millions)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of March 31, 2015
Assets				
Price risk management assets:				
Commodity financial price risk programs	\$ —	\$ —	\$ 0.2	\$ 0.2
Available-for-sale securities	30.5	100.9	—	131.4
Total	\$ 30.5	\$ 100.9	\$ 0.2	\$ 131.6
Liabilities				
Price risk management liabilities:				
Commodity financial price risk programs	\$ 9.3	\$ —	\$ —	\$ 9.3
Total	\$ 9.3	\$ —	\$ —	\$ 9.3

Recurring Fair Value Measurements December 31, 2014 (in millions)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of December 31, 2014
Assets				
Price risk management assets:				
Commodity financial price risk programs	\$ 0.1	\$ —	\$ —	\$ 0.1
Available-for-sale securities	28.4	103.5	—	131.9
Total	\$ 28.5	\$ 103.5	\$ —	\$ 132.0
Liabilities				
Price risk management liabilities:				
Commodity financial price risk programs	\$ 14.2	\$ —	\$ 0.1	\$ 14.3
Total	\$ 14.2	\$ —	\$ 0.1	\$ 14.3

Price risk management assets and liabilities primarily include NYMEX futures and NYMEX options which are commodity exchange-traded and non-exchange-based derivative contracts. Exchange-traded derivative contracts are based on unadjusted quoted prices in active markets and are classified within Level 1. These financial assets and liabilities are secured with cash on deposit with the exchange; therefore nonperformance risk has not been incorporated into these valuations. Certain non-exchange-traded derivatives are valued using broker or over-the-counter, on-line exchanges. In such cases, these non-exchange-traded derivatives are classified within Level 2. Non-exchange-based derivative instruments include swaps, forwards, and options. In certain instances, these instruments may utilize models to measure fair value. NiSource uses a similar model to value similar instruments. Valuation models utilize various inputs that include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, other observable inputs for the asset or liability, and market-corroborated inputs, i.e., inputs derived principally from or corroborated by observable market data by correlation or other means. Where observable inputs are available for substantially the full term of the asset or liability, the instrument is categorized in Level 2. Certain derivatives trade in less active markets with a lower availability of pricing information and models may be utilized in the valuation. When such inputs have a significant impact on the measurement of fair value, the instrument is categorized in Level 3. Credit risk is considered in the fair value calculation of derivative instruments that are not exchange-traded. Credit exposures are adjusted to reflect collateral agreements which reduce exposures. As of March 31, 2015 and December

[Table of Contents](#)ITEM 1. FINANCIAL STATEMENTS (continued)**NiSource Inc.****Notes to Condensed Consolidated Financial Statements (unaudited) (continued)**

31, 2014 , there were no material transfers between fair value hierarchies. Additionally, there were no changes in the method or significant assumptions used to estimate the fair value of NiSource's financial instruments.

Commodity price risk resulting from derivative activities at NiSource's rate-regulated subsidiaries is limited, since regulations allow recovery of prudently incurred purchased power, fuel and gas costs through the ratemaking process, including gains or losses on these derivative instruments. If states should explore additional regulatory reform, these subsidiaries may begin providing services without the benefit of the traditional ratemaking process and may be more exposed to commodity price risk. Some of NiSource's rate-regulated utility subsidiaries offer commodity price risk products to its customers for which derivatives are used to hedge forecasted customer usage under such products. These subsidiaries do not have regulatory recovery orders for these products and are subject to gains and losses recognized in earnings due to hedge ineffectiveness.

Available-for-sale securities are investments pledged as collateral for trust accounts related to NiSource's wholly-owned insurance company. Available-for-sale securities are included within "Other investments" in the Condensed Consolidated Balance Sheets (unaudited). Securities classified within Level 1 include U.S. Treasury debt securities which are highly liquid and are actively traded in over-the-counter markets. NiSource values corporate and mortgage-backed debt securities using a matrix pricing model that incorporates market-based information. These securities trade less frequently and are classified within Level 2. Total unrealized gains and losses from available-for-sale securities are included in other comprehensive income (loss). The amortized cost, gross unrealized gains and losses, and fair value of available-for-sale debt securities at March 31, 2015 and December 31, 2014 were:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
March 31, 2015 <i>(in millions)</i>				
Available-for-sale debt securities				
U.S. Treasury securities	\$ 32.5	\$ 0.6	\$ —	\$ 33.1
Corporate/Other bonds	97.0	1.5	(0.2)	98.3
Total Available-for-sale debt securities	\$ 129.5	\$ 2.1	\$ (0.2)	\$ 131.4
December 31, 2014 <i>(in millions)</i>				
Available-for-sale debt securities				
U.S. Treasury securities	\$ 30.8	\$ 0.3	\$ (0.2)	\$ 30.9
Corporate/Other bonds	100.6	1.0	(0.6)	101.0
Total Available-for-sale debt securities	\$ 131.4	\$ 1.3	\$ (0.8)	\$ 131.9

For the three months ended March 31, 2015 and 2014 , the net realized gain on the sale of available-for-sale U.S. Treasury debt securities was zero and \$0.1 million , respectively. For the three months ended March 31, 2015 and 2014 , the net realized gain on the sale of available-for-sale Corporate/Other bond debt securities was zero and \$0.1 million , respectively.

The cost of maturities sold is based upon specific identification. At March 31, 2015 , approximately \$4.5 million of U.S. Treasury debt securities have maturities of less than a year while the remaining securities have maturities of greater than one year. At March 31, 2015 , approximately \$5.0 million of Corporate/Other bonds have maturities of less than a year while the remaining securities have maturities of greater than one year.

There are no material items in the fair value reconciliation of Level 3 assets and liabilities measured at fair value on a recurring basis for the three months ended March 31, 2015 and 2014 .

Non-recurring Fair Value Measurements. There were no significant non-recurring fair value measurements recorded during the three months ended March 31, 2015 .

B. Other Fair Value Disclosures for Financial Instruments. The carrying amount of cash and cash equivalents, restricted cash, notes receivable, customer deposits and short-term borrowings is a reasonable estimate of fair value due to their liquid or short-term nature. NiSource's long-term borrowings are recorded at historical amounts.

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate fair value.

[Table of Contents](#)ITEM 1. FINANCIAL STATEMENTS (continued)**NiSource Inc.****Notes to Condensed Consolidated Financial Statements (unaudited) (continued)**

Long-term Debt. The fair values of these securities are estimated based on the quoted market prices for the same or similar issues or on the rates offered for securities of the same remaining maturities. Certain premium costs associated with the early settlement of long-term debt are not taken into consideration in determining fair value. These fair value measurements are classified as Level 2 within the fair value hierarchy. For the three months ended March 31, 2015 and 2014, there were no changes in the method or significant assumptions used to estimate the fair value of the financial instruments.

The carrying amount and estimated fair values of financial instruments were as follows:

<i>(in millions)</i>	Carrying Amount as of March 31, 2015	Estimated Fair Value as of March 31, 2015	Carrying Amount as of Dec. 31, 2014	Estimated Fair Value as of Dec. 31, 2014
Long-term debt (including current portion)	\$ 8,420.6	\$ 9,637.7	\$ 8,422.5	\$ 9,505.7

9. Transfers of Financial Assets

Transfers of accounts receivable are accounted for as secured borrowings resulting in the recognition of short-term borrowings on the Condensed Consolidated Balance Sheets (unaudited). The maximum amount of debt that can be recognized related to NiSource's accounts receivable programs is \$515 million.

All accounts receivables sold to the purchasers are valued at face value, which approximates fair value due to their short-term nature. The amount of the undivided percentage ownership interest in the accounts receivables sold is determined in part by required loss reserves under the agreements. Below is information about the accounts receivable securitization agreements entered into by NiSource's subsidiaries

Columbia of Ohio is under an agreement to sell, without recourse, substantially all of its trade receivables, as they originate, to CGORC, a wholly-owned subsidiary of Columbia of Ohio. CGORC, in turn, is party to an agreement with BTMU and BNS, under the terms of which it sells an undivided percentage ownership interest in its accounts receivable to commercial paper conduits sponsored by BTMU and BNS. The agreement was last renewed on October 17, 2014; the current agreement expires on October 16, 2015 and can be further renewed if mutually agreed to by all parties. The maximum seasonal program limit under the terms of the current agreement is \$240 million. As of March 31, 2015, no accounts receivable had been transferred by CGORC. CGORC is a separate corporate entity from NiSource and Columbia of Ohio, with its own separate obligations, and upon a liquidation of CGORC, CGORC's obligations must be satisfied out of CGORC's assets prior to any value becoming available to CGORC's stockholder.

NIPSCO is under an agreement to sell, without recourse, substantially all of its trade receivables, as they originate, to NARC, a wholly-owned subsidiary of NIPSCO. NARC, in turn, is party to an agreement with PNC and Mizuho under the terms of which it sells an undivided percentage ownership interest in its accounts receivable to PNC and a commercial paper conduit sponsored by Mizuho. This agreement was last renewed on August 27, 2014; the current agreement expires on August 26, 2015 and can be further renewed if mutually agreed to by all parties. The maximum seasonal program limit under the terms of the current agreement is \$200 million. As of March 31, 2015, \$200.0 million of accounts receivable had been transferred by NARC. NARC is a separate corporate entity from NiSource and NIPSCO, with its own separate obligations, and upon a liquidation of NARC, NARC's obligations must be satisfied out of NARC's assets prior to any value becoming available to NARC's stockholder.

Columbia of Pennsylvania is under an agreement to sell, without recourse, substantially all of its trade receivables, as they originate, to CPRC, a wholly-owned subsidiary of Columbia of Pennsylvania. CPRC, in turn, is party to an agreement with BTMU under the terms of which it sells an undivided percentage ownership interest in its accounts receivable to a commercial paper conduit sponsored by BTMU. The agreement with BTMU was last renewed on March 10, 2015, having a current scheduled termination date of March 9, 2016 and can be further renewed if mutually agreed to by both parties. The maximum seasonal program limit under the terms of the agreement is \$75 million. As of March 31, 2015, \$75.0 million of accounts receivable had been transferred by CPRC. CPRC is a separate corporate entity from NiSource and Columbia of Pennsylvania, with its own separate obligations, and upon a liquidation of CPRC, CPRC's obligations must be satisfied out of CPRC's assets prior to any value becoming available to CPRC's stockholder.

[Table of Contents](#)ITEM 1. FINANCIAL STATEMENTS (continued)**NiSource Inc.****Notes to Condensed Consolidated Financial Statements (unaudited) (continued)**

The following table reflects the gross and net receivables transferred as well as short-term borrowings related to the securitization transactions as of March 31, 2015 and December 31, 2014 for Columbia of Ohio, NIPSCO and Columbia of Pennsylvania:

<i>(in millions)</i>	March 31, 2015		December 31, 2014	
Gross Receivables	\$	755.1	\$	611.7
Less: Receivables not transferred		480.1		327.4
Net receivables transferred	\$	275.0	\$	284.3
Short-term debt due to asset securitization	\$	275.0	\$	284.3

Columbia of Ohio, NIPSCO and Columbia of Pennsylvania remain responsible for collecting on the receivables securitized and the receivables cannot be sold to another party.

10. Goodwill

NiSource tests its goodwill for impairment annually as of May 1 unless indicators, events, or circumstances would require an immediate review. Goodwill is tested for impairment using financial information at the reporting unit level, which is consistent with the level of discrete financial information reviewed by operating segment management. NiSource's three reporting units are Columbia Distribution Operations, Columbia Transmission Operations and NIPSCO Gas Distribution Operations.

NiSource applied the qualitative step 0 analysis to its reporting units for the annual impairment test performed as of May 1, 2014. The results of this assessment indicated that it is not more likely than not that its reporting unit fair values are less than the reporting unit carrying values.

NiSource considered whether there were any events or changes in circumstances subsequent to the annual test that would reduce the fair value of any of the reporting units below their carrying amounts and necessitate another goodwill impairment test. No such indicators were noted that would require a subsequent goodwill impairment testing during the first quarter of 2015.

11. Income Taxes

NiSource's interim effective tax rates reflect the estimated annual effective tax rates for 2015 and 2014, adjusted for tax expense associated with certain discrete items. The effective tax rates for the three months ended March 31, 2015 and 2014 were 35.4% and 37.9%, respectively. These effective tax rates differ from the Federal tax rate of 35% primarily due to the effects of tax credits, state income taxes, utility ratemaking, and other permanent book-to-tax differences. The decrease in the three month effective tax rate of 2.5% in 2015 versus 2014 is primarily due to the impact of the Indiana rate change in 2014.

There were no material changes recorded in 2015 to NiSource's uncertain tax positions as of December 31, 2014.

12. Pension and Other Postretirement Benefits

NiSource provides defined contribution plans and noncontributory defined benefit retirement plans that cover its employees. Benefits under the defined benefit retirement plans reflect the employees' compensation, years of service and age at retirement. Additionally, NiSource provides health care and life insurance benefits for certain retired employees. The majority of employees may become eligible for these benefits if they reach retirement age while working for NiSource. The expected cost of such benefits is accrued during the employees' years of service. Current rates of rate-regulated companies include postretirement benefit costs, including amortization of the regulatory assets that arose prior to inclusion of these costs in rates. For most plans, cash contributions are remitted to grantor trusts.

For the three months ended March 31, 2015, NiSource has contributed \$0.7 million to its pension plans and \$8.7 million to its other postretirement benefit plans.

[Table of Contents](#)ITEM 1. FINANCIAL STATEMENTS (continued)**NiSource Inc.****Notes to Condensed Consolidated Financial Statements (unaudited) (continued)**

The following tables provide the components of the plans' net periodic benefits cost for the three months ended March 31, 2015 and 2014 :

Three Months Ended March 31, (in millions)	Pension Benefits		Other Postretirement Benefits	
	2015	2014	2015	2014
Components of Net Periodic Benefit Cost				
Service cost	\$ 9.5	\$ 8.7	\$ 1.8	\$ 2.3
Interest cost	25.2	27.3	6.8	8.2
Expected return on assets	(46.2)	(45.3)	(9.3)	(9.1)
Amortization of prior service credit	(0.1)	—	(1.4)	(0.6)
Recognized actuarial loss	15.9	11.9	1.1	—
Total Net Periodic Benefit Cost (Credit)	\$ 4.3	\$ 2.6	\$ (1.0)	\$ 0.8

13. Variable Interests and Variable Interest Entities

In general, a VIE is an entity that (1) has an insufficient amount of at-risk equity to permit the entity to finance its activities without additional financial subordinated support provided by any parties, (2) whose at-risk equity owners, as a group, do not have power, through voting rights or similar rights, to direct activities of the entity that most significantly impact the entity's economic performance or (3) whose at-risk owners do not absorb the entity's losses or receive the entity's residual return. A VIE is required to be consolidated by a company if that company is determined to be the primary beneficiary of the VIE.

NiSource consolidates those VIEs for which it is the primary beneficiary. NiSource considers quantitative and qualitative elements in determining the primary beneficiary. Qualitative measures include the ability to control an entity and the obligation to absorb losses or the right to receive benefits.

NiSource's analysis includes an assessment of guarantees, operating leases, purchase agreements, and other contracts, as well as its investments and joint ventures. For items that have been identified as variable interests, or where there is involvement with an identified VIE, an in-depth review of the relationship between the relevant entities and NiSource is made to evaluate qualitative and quantitative factors to determine the primary beneficiary, if any, and whether additional disclosures would be required under the current standard.

NIPSCO has a service agreement with Pure Air, a general partnership between Air Products and Chemicals, Inc. and First Air Partners LP, under which Pure Air provides scrubber services to reduce sulfur dioxide emissions for Units 7 and 8 at the Bailly Generating Station. NiSource has made an exhaustive effort to obtain information needed from Pure Air to determine the status of Pure Air as a VIE. However, NIPSCO has not been able to obtain this information and, as a result, it is unclear whether Pure Air is a VIE and if NIPSCO is the primary beneficiary. NIPSCO will continue to request the information required to determine whether Pure Air is a VIE. NIPSCO has no exposure to loss related to the service agreement with Pure Air and payments under this agreement were \$5.6 million and \$5.4 million for the three months ended March 31, 2015 and 2014, respectively.

14. Short-Term Borrowings

NiSource Finance maintains a \$2.0 billion revolving credit facility with a syndicate of banks led by Barclays Capital with a termination date of September 28, 2018. The purpose of the facility is to fund ongoing working capital requirements including the provision of liquidity support for NiSource's \$1.5 billion commercial paper program, provide for issuance of letters of credit, and also for general corporate purposes. At March 31, 2015, NiSource had no outstanding borrowings under this facility.

NiSource Finance's commercial paper program has a program limit of up to \$1.5 billion with a dealer group comprised of Barclays, Citigroup, Credit Suisse, RBS and Wells Fargo. Commercial paper issuances are supported by available capacity under NiSource's \$2.0 billion unsecured revolving credit facility. At March 31, 2015, NiSource had \$39.0 million of commercial paper outstanding.

As of March 31, 2015 and December 31, 2014, NiSource had \$30.9 million of stand-by letters of credit outstanding of which \$14.7 million were under the revolving credit facility.

[Table of Contents](#)ITEM 1. FINANCIAL STATEMENTS (continued)**NiSource Inc.****Notes to Condensed Consolidated Financial Statements (unaudited) (continued)**

CPPL maintains a \$500.0 million revolving credit facility, of which \$50.0 million is available for issuance of letters of credit. The purpose of the facility is to provide cash for general partnership purposes, including working capital, capital expenditures and the funding of capital calls. At March 31, 2015, CPPL had no outstanding borrowings under this facility.

Transfers of accounts receivable are accounted for as secured borrowings resulting in the recognition of short-term borrowings on the Condensed Consolidated Balance Sheets (unaudited) in the amount of \$275.0 million and \$284.3 million as of March 31, 2015 and December 31, 2014, respectively. Refer to Note 9 for additional information.

<i>(in millions)</i>	March 31, 2015	December 31, 2014
Commercial Paper weighted average interest rate of 0.96% and 0.82% at March 31, 2015 and December 31, 2014, respectively	\$ 39.0	\$ 792.6
Credit facilities borrowings weighted average interest rate of 1.44% at December 31, 2014	—	500.0
Accounts receivable securitization facility borrowings	275.0	284.3
Total Short-Term Borrowings	\$ 314.0	\$ 1,576.9

Given their turnover is less than 90 days, cash flows related to the borrowings and repayments of the items listed above are presented net in the Condensed Statements of Consolidated Cash Flows (unaudited).

15. Share-Based Compensation

The stockholders approved and adopted the NiSource Inc. 2010 Omnibus Incentive Plan (the "Omnibus Plan"), at the Annual Meeting of Stockholders held on May 11, 2010. The Omnibus Plan provides for awards to employees and non-employee directors of incentive and nonqualified stock options, stock appreciation rights, restricted stock and restricted stock units, performance shares, performance units, cash-based awards and other stock-based awards. The Omnibus Plan provides that the number of shares of common stock of NiSource available for awards is 8,000,000 plus the number of shares subject to outstanding awards granted under either the long-term incentive plan approved by stockholders on April 13, 1994 ("1994 Plan") or the Director Stock Incentive Plan ("Director Plan"), that expire or terminate for any reason. No further awards are permitted to be granted under the 1994 Plan or the Director Plan. At March 31, 2015, there were 5,785,224 shares reserved for future awards under the Omnibus Plan.

NiSource recognized stock-based employee compensation expense of \$11.2 million and \$5.3 million for the three months ended March 31, 2015 and 2014, respectively, as well as related tax benefits of \$4.0 million and \$2.0 million, respectively.

As of March 31, 2015, the total remaining unrecognized compensation cost related to nonvested awards amounted to \$35.8 million, which will be amortized over the weighted-average remaining requisite service period of 2.3 years.

Restricted Stock Units and Restricted Stock. During the three months ended March 31, 2015, NiSource granted 486,523 restricted stock units and shares of restricted stock, subject to service conditions. The total grant date fair value of restricted stock units and shares of restricted stock was \$19.4 million, based on the average market price of NiSource's common stock at the date of each grant less the present value of any dividends not received during the vesting period, which will be expensed, net of forfeitures, over the vesting period which is generally three years. As of March 31, 2015, 723,406 nonvested (all of which are expected to vest) restricted stock units and shares of restricted stock were granted and outstanding.

401(k) Match, Profit Sharing and Company Contribution. NiSource has a voluntary 401(k) savings plan covering eligible employees that allows for periodic discretionary matches as a percentage of each participant's contributions payable in shares of common stock. NiSource also has a retirement savings plan that provides for discretionary profit sharing contributions payable in shares of common stock to eligible employees based on earnings results; and eligible exempt employees hired after January 1, 2010, receive a non-elective company contribution of three percent of eligible pay payable in shares of common stock. For the quarters ended March 31, 2015 and 2014, NiSource recognized 401(k) match, profit sharing and non-elective contribution expense of \$8.2 million and \$8.5 million, respectively.

[Table of Contents](#)ITEM 1. FINANCIAL STATEMENTS (continued)**NiSource Inc.****Notes to Condensed Consolidated Financial Statements (unaudited) (continued)****16. Other Commitments and Contingencies**

A. Guarantees and Indemnities. As a part of normal business, NiSource and certain subsidiaries enter into various agreements providing financial or performance assurance to third parties on behalf of certain subsidiaries. Such agreements include guarantees and stand-by letters of credit. These agreements are entered into primarily to support or enhance the creditworthiness otherwise attributed to a subsidiary on a stand-alone basis, thereby facilitating the extension of sufficient credit to accomplish the subsidiaries' intended commercial purposes. The total guarantees and indemnities in existence at March 31, 2015 and the years in which they expire were:

<i>(in millions)</i>	Total	2015	2016	2017	2018	2019	After
Guarantees of subsidiaries debt	\$ 7,960.5	\$ 230.0	\$ 616.5	\$ 1,257.0	\$ 800.0	\$ 500.0	\$ 4,557.0
Accounts receivable securitization	275.0	275.0	—	—	—	—	—
Lines of credit	39.0	39.0	—	—	—	—	—
Letters of credit	30.9	30.9	—	—	—	—	—
Other guarantees	146.8	26.1	3.4	—	—	1.7	115.6
Total commercial commitments	\$ 8,452.2	\$ 601.0	\$ 619.9	\$ 1,257.0	\$ 800.0	\$ 501.7	\$ 4,672.6

Guarantees of Subsidiaries Debt. NiSource has guaranteed the payment of \$7,960.5 million of debt for various wholly-owned subsidiaries including NiSource Finance and Columbia of Massachusetts, and through a support agreement for Capital Markets, which is reflected on NiSource's Condensed Consolidated Balance Sheets (unaudited). The subsidiaries are required to comply with certain covenants under the debt indenture and in the event of default, NiSource would be obligated to pay the debt's principal and related interest. NiSource does not anticipate its subsidiaries will have any difficulty maintaining compliance. On October 3, 2011, NiSource executed a Second Supplemental Indenture to the original Columbia of Massachusetts Indenture dated April 1, 1991, for the specific purpose of guaranteeing Columbia of Massachusetts' outstanding unregistered medium-term notes.

Lines and Letters of Credit and Accounts Receivable Advances. NiSource Finance maintains a \$2.0 billion revolving credit facility with a syndicate of banks led by Barclays Capital with a termination date of September 28, 2018. The purpose of the facility is to fund ongoing working capital requirements including the provision of liquidity support for NiSource's \$1.5 billion commercial paper program, provide for issuance of letters of credit, and also for general corporate purposes. At March 31, 2015, NiSource had no borrowings under its five-year revolving credit facility, \$39.0 million in commercial paper outstanding and \$275.0 million outstanding under its accounts receivable securitization agreements. At March 31, 2015, NiSource had issued stand-by letters of credit of approximately \$30.9 million for the benefit of third parties. See Note 14 for additional information.

CPPL maintains a \$500.0 million revolving credit facility, of which \$50.0 million is available for issuance of letters of credit. The purpose of the facility is to provide cash for general partnership purposes, including working capital, capital expenditures and the funding of capital calls. At March 31, 2015, CPPL had no outstanding borrowings under this facility.

Other Guarantees or Obligations. NiSource has purchase and sales agreement guarantees totaling \$25.6 million, which guarantee purchaser performance or seller performance under covenants, obligations, liabilities, representations or warranties under the agreements. No amounts related to the purchase and sale agreement guarantees are reflected in the Condensed Consolidated Balance Sheets (unaudited). Management believes that the likelihood NiSource would be required to perform or otherwise incur any significant losses associated with any of the aforementioned guarantees is remote.

NiSource has on deposit a letter of credit with Union Bank, N.A., Collateral Agent, in a debt service reserve account in association with Millennium's notes as required under the Deposit and Disbursement Agreement that governs the Millennium notes. This account is to be drawn upon by the note holders in the event that Millennium is delinquent on its principal and interest payments. The value of NiSource's letter of credit represents 47.5% (NiSource's ownership interest in Millennium) of the debt service reserve account requirement, or \$16.2 million. The total exposure for NiSource is \$16.2 million. NiSource has an accrued liability of \$1.5 million related to the inception date fair value of this guarantee as of March 31, 2015.

B. Other Legal Proceedings. In the normal course of its business, NiSource and its subsidiaries have been named as defendants in various legal proceedings. In the opinion of management, the ultimate disposition of these currently asserted claims will not have a material impact on NiSource's consolidated financial statements.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

C. Environmental Matters. NiSource operations are subject to environmental statutes and regulations related to air quality, water quality, hazardous waste and solid waste. NiSource believes that it is in substantial compliance with those environmental regulations currently applicable to its operations and believes that it has all necessary permits to conduct its operations.

It is management's continued intent to address environmental issues in cooperation with regulatory authorities in such a manner as to achieve mutually acceptable compliance plans. However, there can be no assurance that fines and penalties will not be incurred. Management expects a significant portion of environmental assessment and remediation costs to be recoverable through rates for certain NiSource companies.

As of March 31, 2015 and December 31, 2014, NiSource had recorded an accrual of approximately \$128.3 million and \$128.4 million, respectively, to cover environmental remediation at various sites. The current portion of this accrual is included in "Legal and environmental" in the Condensed Consolidated Balance Sheets (unaudited). The noncurrent portion is included in "Other noncurrent liabilities" in the Condensed Consolidated Balance Sheets (unaudited). NiSource accrues for costs associated with environmental remediation obligations when the incurrence of such costs is probable and the amounts can be reasonably estimated. The original estimates for cleanup can differ materially from the amount ultimately expended. The actual future expenditures depend on many factors, including currently enacted laws and regulations, the nature and extent of contamination, the method of cleanup, and the availability of cost recovery from customers. These expenditures are not currently estimable at some sites. NiSource periodically adjusts its accrual as information is collected and estimates become more refined.

Air

The actions listed below could require further reductions in emissions from various emission sources. NiSource will continue to closely monitor developments in these matters.

Climate Change. Future legislative and regulatory programs could significantly restrict emissions of GHGs or could impose a cost or tax on GHG emissions.

On June 2, 2014, the EPA proposed a GHG performance standard for existing fossil-fuel fired electric utility generating units under section 111 (d) of the Clean Air Act. The proposed rule establishes state-specific CO₂ emission rate goals, applied to the state's fleet of fossil-fuel fired electric generating units, and requires each state to submit a plan indicating how the state will meet the EPA's emission rate goal, including possibly imposing reduction obligations on specific units. Final CO₂ emission rate standards are expected to be set by the EPA by midsummer 2015, and state plans are required to be submitted to the EPA as early as June 2016. The cost to comply with this rule will depend on a number of factors, including the requirements of the final federal regulation and the level of NIPSCO's required GHG reductions. It is possible that this new rule, comprehensive federal or state GHG legislation, or other GHG regulation could result in additional expense or compliance costs that could materially impact NiSource's financial results. NiSource will continue to monitor this matter and cannot estimate its impact at this time.

National Ambient Air Quality Standards. The CAA requires the EPA to set NAAQS for particulate matter and five other pollutants considered harmful to public health and the environment. Periodically the EPA imposes new or modifies existing NAAQS. States that contain areas that do not meet the new or revised standards must take steps to maintain or achieve compliance with the standards. These steps could include additional pollution controls on boilers, engines, turbines, and other facilities owned by electric generation, gas distribution, and gas transmission operations.

The following NAAQS were recently added or modified:

Ozone: On November 25, 2014, the EPA proposed to lower the 8-hour ozone standard from 75 ppb to within a range of 65-70 ppb. If the standard is finalized and the EPA proceeds with designations, areas where NiSource operates currently designated as attainment may be re-classified as non-attainment. NiSource will continue to monitor this matter and cannot estimate its impact at this time.

Nitrogen Dioxide (NO₂): The EPA revised the NO₂ NAAQS by adding a one-hour standard while retaining the annual standard. The new standard could impact some NiSource combustion sources. The EPA designated all areas of the country as unclassifiable/attainment in January 2012. After the establishment of a new monitoring network and possible modeling implementation, areas will potentially be re-designated sometime in 2016. States with areas that do not meet the standard will be required to develop rules to bring areas into compliance within five years of designation. Additionally, under certain permitting circumstances, emissions from some existing NiSource combustion sources may need to be assessed and mitigated. NiSource will continue to monitor this matter and cannot estimate the impact of these rules at this time.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

Waste

NiSource subsidiaries are potentially responsible parties at waste disposal sites under the CERCLA (commonly known as Superfund) and similar state laws. Additionally, NiSource affiliates have retained environmental liabilities, including cleanup liabilities, associated with certain former operations.

A program has been instituted to identify and investigate former MGP sites where Gas Distribution Operations subsidiaries or predecessors may have liability. The program has identified 66 such sites where liability is probable. Remedial actions at many of these sites are being overseen by state or federal environmental agencies through consent agreements or voluntary remediation agreements.

NiSource utilizes a probabilistic model to estimate its future remediation costs related to its MGP sites. The model was prepared with the assistance of a third party and incorporates NiSource and general industry experience with remediating MGP sites. NiSource completes an annual refresh of the model in the second quarter of each fiscal year. No material changes to the estimated liability were noted as a result of the refresh completed as of June 30, 2014. The total estimated liability at NiSource related to the facilities subject to remediation was \$120.3 million and \$121.5 million at March 31, 2015 and December 31, 2014, respectively. The liability represents NiSource's best estimate of the probable cost to remediate the facilities. NiSource believes that it is reasonably possible that remediation costs could vary by as much as \$25 million in addition to the costs noted above. Remediation costs are estimated based on the best available information, applicable remediation standards at the balance sheet date, and experience with similar facilities.

Additional Issues Related to Individual Business Segments

The sections below describe various regulatory actions that affect individual business segments for which NiSource has retained a liability.

Electric Operations.

Air

NIPSCO is subject to a number of air-quality mandates in the next several years. These mandates required NIPSCO to make capital improvements to its electric generating stations. The cost of capital improvements is estimated to be \$870 million, of which approximately \$107.3 million remains to be spent. This figure includes additional capital improvements associated with the New Source Review Consent Decree and the Utility Mercury and Air Toxics Standards Rule. NIPSCO believes that the capital costs will likely be recoverable from customers.

Utility Mercury and Air Toxics Standards Rule: On December 16, 2011, the EPA finalized the MATS rule establishing new emissions limits for mercury and other air toxics. NIPSCO's affected units have completed projects to meet the April 2015 compliance deadline. For NIPSCO's remaining affected units, a one year compliance extension granted by IDEM delays the compliance date until April 2016. NIPSCO continues to implement an IURC-approved plan for the installation of additional environmental controls needed to comply with the MATS extension.

Water

On August 15, 2014, the EPA published the final Phase II Rule of the Clean Water Act Section 316(b), which requires all large existing steam electric generating stations to meet certain performance standards to reduce the effects on aquatic organisms at their cooling water intake structures. Under this rule, stations will have to either demonstrate that the performance of their existing fish protection systems meet the new standards or develop new systems, such as a closed-cycle cooling tower. The cost to comply will depend on a number of factors, including evaluation of the various compliance options available under the regulation and permitting-related determinations by IDEM. NIPSCO is currently evaluating these options and cannot estimate the cost of compliance at this time.

On June 7, 2013, the EPA published a proposed rule to amend the effluent limitations guidelines and standards for the Steam Electric Power Generating category. These proposed regulations could impose new water treatment requirements on NIPSCO's electric generating facilities. NIPSCO will continue to monitor developments in this matter and cannot estimate the cost of compliance at this time.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

Waste

On April 17, 2015, the EPA released a final rule for regulation of CCRs. The rule regulates CCRs under the Resource Conservation and Recovery Act Subtitle D, which determines them to be non-hazardous. It will require increased groundwater monitoring, reporting, recordkeeping, and posting related information to the Internet. The rule also establishes requirements related to CCR management, impoundments, landfills and storage. NIPSCO will have to modify its infrastructure and management of CCRs under this rule. The rule will allow NIPSCO to continue its byproduct beneficial use program. NIPSCO is currently evaluating the rule and cannot estimate the cost of compliance at this time.

D. Other Matters.

Transmission Upgrade Agreements. On February 11, 2014, NIPSCO entered into two TUAs with upgrade sponsors to complete upgrades on NIPSCO's transmission system on behalf of those sponsors. The upgrade sponsors have agreed to reimburse NIPSCO for the total cost to construct transmission upgrades and place them into service, multiplied by a rate of 1.71 ("the multiplier").

On June 10, 2014, certain upgrade sponsors for both TUAs filed a complaint at the FERC against NIPSCO regarding the multiplier stated in the TUAs. On June 30, 2014, NIPSCO filed an answer defending the terms of the TUAs and the just and reasonable nature of the multiplier charged therein and moved for dismissal of the complaint. On December 8, 2014, the FERC issued an order in response to the complaint finding that it is appropriate for NIPSCO to recover, through the multiplier, substantiated costs of ownership related to the TUAs. The FERC set for hearing the issue of what constitutes the incremental costs NIPSCO will incur, but is holding that hearing in abeyance to allow for settlement. NIPSCO will continue to monitor developments in this matter and does not believe the impact is material to the Condensed Consolidated Financial Statements (unaudited).

Springfield, Massachusetts. On November 23, 2012, while Columbia of Massachusetts was investigating the source of an odor of gas at a service location in Springfield, Massachusetts, a gas service line was pierced and an explosion occurred. While this explosion impacted multiple buildings and resulted in several injuries, no life threatening injuries or fatalities have been reported. Columbia of Massachusetts is fully cooperating with both the Massachusetts DPU and the Occupational Safety & Health Administration in their investigations of this incident. Columbia of Massachusetts believes any costs associated with damages, injuries, and other losses related to this incident are substantially covered by insurance. Any amounts not covered by insurance are not expected to have a material impact on NiSource's consolidated financial statements. In accordance with GAAP, NiSource recorded any accruals and the related insurance recoveries resulting from this incident on a gross basis within the Condensed Consolidated Balance Sheets (unaudited).

[Table of Contents](#)ITEM 1. FINANCIAL STATEMENTS (continued)**NiSource Inc.****Notes to Condensed Consolidated Financial Statements (unaudited) (continued)****17. Accumulated Other Comprehensive Loss**

The following tables display the components of Accumulated Other Comprehensive Loss for the three months ended March 31, 2015 and 2014 :

Three Months Ended March 31, 2015 <i>(in millions)</i>	Gains and Losses on Securities ⁽¹⁾	Gains and Losses on Cash Flow Hedges ⁽¹⁾	Pension and OPEB Items ⁽¹⁾	Accumulated Other Comprehensive Loss ⁽¹⁾
Balance as of January 1, 2015	\$ 0.3	\$ (23.6)	\$ (27.3)	\$ (50.6)
Other comprehensive income before reclassifications	1.0	—	—	1.0
Amounts reclassified from accumulated other comprehensive income	(0.1)	0.9	0.2	1.0
Net current-period other comprehensive income	0.9	0.9	0.2	2.0
Allocation of AOCI to noncontrolling interest	\$ —	\$ 2.0	\$ —	\$ 2.0
Balance as of March 31, 2015	\$ 1.2	\$ (20.7)	\$ (27.1)	\$ (46.6)

Three Months Ended March 31, 2014 <i>(in millions)</i>	Gains and Losses on Securities ⁽¹⁾	Gains and Losses on Cash Flow Hedges ⁽¹⁾	Pension and OPEB Items ⁽¹⁾	Accumulated Other Comprehensive Loss ⁽¹⁾
Balance as of January 1, 2014	\$ (0.3)	\$ (25.8)	\$ (17.5)	\$ (43.6)
Other comprehensive income before reclassifications	0.5	0.1	—	0.6
Amounts reclassified from accumulated other comprehensive income	(0.2)	0.5	0.2	0.5
Net current-period other comprehensive income	0.3	0.6	0.2	1.1
Balance as of March 31, 2014	\$ —	\$ (25.2)	\$ (17.3)	\$ (42.5)

⁽¹⁾ All amounts are net of tax. Amounts in parentheses indicate debits.

Equity Investment

As Millennium is an equity method investment, NiSource is required to recognize a proportional share of Millennium's OCI. The remaining unrecognized loss at March 31, 2015 of \$14.2 million, net of tax, related to terminated interest rate swaps is being amortized over the period ending June 2025 into earnings using the effective interest method through interest expense as interest payments are made by Millennium. The unrecognized loss of \$14.2 million and \$16.6 million at March 31, 2015 and December 31, 2014, respectively, is included in gains and losses on cash flow hedges above.

18. Business Segment Information

Operating segments are components of an enterprise for which separate financial information is available and evaluated regularly by the chief operating decision maker in deciding how to allocate resources and assess performance. NiSource's Chief Executive Officer is the chief operating decision maker.

At March 31, 2015, NiSource's operations are divided into three primary business segments. The Gas Distribution Operations segment provides natural gas service and transportation for residential, commercial and industrial customers in Ohio, Pennsylvania, Virginia, Kentucky, Maryland, Indiana and Massachusetts. The Columbia Pipeline Group Operations segment offers gas transportation and storage services for LDCs, marketers and industrial and commercial customers located in northeastern, mid-Atlantic, Midwestern and southern states and the District of Columbia along with unregulated businesses that include midstream services and development of mineral rights positions. The Electric Operations segment provides electric service in 20 counties in the northern part of Indiana.

[Table of Contents](#)ITEM 1. FINANCIAL STATEMENTS (continued)**NiSource Inc.****Notes to Condensed Consolidated Financial Statements (unaudited) (continued)**

The following table provides information about business segments. NiSource uses operating income as its primary measurement for each of the reported segments and makes decisions on finance, dividends and taxes at the corporate level on a consolidated basis. Segment revenues include intersegment sales to affiliated subsidiaries, which are eliminated in consolidation. Affiliated sales are recognized on the basis of prevailing market, regulated prices or at levels provided for under contractual agreements. Operating income is derived from revenues and expenses directly associated with each segment.

<i>(in millions)</i>	Three Months Ended March 31,	
	2015	2014
Revenues		
Gas Distribution Operations		
Unaffiliated	\$ 1,456.2	\$ 1,565.4
Intersegment	0.1	0.2
Total	1,456.3	1,565.6
Columbia Pipeline Group Operations		
Unaffiliated	297.4	303.2
Intersegment	42.4	42.4
Total	339.8	345.6
Electric Operations		
Unaffiliated	395.6	450.2
Intersegment	0.2	0.2
Total	395.8	450.4
Corporate and Other		
Unaffiliated	0.5	1.7
Intersegment	129.9	126.8
Total	130.4	128.5
Eliminations	(172.6)	(169.6)
Consolidated Gross Revenues	\$ 2,149.7	\$ 2,320.5
Operating Income (Loss)		
Gas Distribution Operations	\$ 325.2	\$ 301.8
Columbia Pipeline Group Operations	163.0	158.9
Electric Operations	70.0	78.9
Corporate and Other ⁽¹⁾	(28.1)	(5.9)
Consolidated Operating Income	\$ 530.1	\$ 533.7

⁽¹⁾ Primarily comprised of costs associated with the Proposed Separation.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

19. Supplemental Cash Flow Information

The following table provides additional information regarding NiSource's Condensed Statements of Consolidated Cash Flows (unaudited) for the three months ended March 31, 2015 and 2014 :

<i>(in millions)</i>	Three Months Ended March 31,	
	2015	2014
Supplemental Disclosures of Cash Flow Information		
Non-cash transactions:		
Capital expenditures included in current liabilities	\$ 189.3	\$ 131.4
Assets acquired under a capital lease	4.8	51.6
Schedule of interest and income taxes paid:		
Cash paid for interest, net of interest capitalized amounts	\$ 167.7	\$ 167.7
Cash paid for income taxes	4.3	6.8

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

NiSource Inc.

Note regarding forward-looking statements

The Management's Discussion and Analysis, including statements regarding market risk sensitive instruments, contains "forward-looking statements," within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Investors and prospective investors should understand that many factors govern whether any forward-looking statement contained herein will be or can be realized. Any one of those factors could cause actual results to differ materially from those projected. These forward-looking statements include, but are not limited to, statements concerning NiSource's plans, objectives, expected performance, expenditures, recovery of expenditures through rates, stated on either a consolidated or segment basis, the Proposed Separation and any and all underlying assumptions and other statements that are other than statements of historical fact. From time to time, NiSource may publish or otherwise make available forward-looking statements of this nature. All such subsequent forward-looking statements, whether written or oral and whether made by or on behalf of NiSource, are also expressly qualified by these cautionary statements. All forward-looking statements are based on assumptions that management believes to be reasonable; however, there can be no assurance that actual results will not differ materially.

Factors that could cause actual results to differ materially from the projections, forecasts, estimates and expectations discussed in this Quarterly Report on Form 10-Q include, among other things, weather, fluctuations in supply and demand for energy commodities, growth opportunities for NiSource's businesses, increased competition in deregulated energy markets, the success of regulatory and commercial initiatives, dealings with third parties over whom NiSource has no control, actual operating experience of NiSource's assets, the regulatory process, regulatory and legislative changes, the impact of potential new environmental laws or regulations, the results of material litigation, changes in pension funding requirements, changes in general economic, capital and commodity market conditions, counterparty credit risk, the timing to consummate the Proposed Separation; the risk that a condition to the Proposed Separation is not satisfied; disruption to operations as a result of the Proposed Separation, the inability of one or more of the businesses to operate independently following the completion of the Proposed Separation and the matters set forth in the "Risk Factors" section of NiSource's 2014 Form 10-K and this Form 10-Q, many of which are beyond the control of NiSource. In addition, the relative contributions to profitability by each segment, and the assumptions underlying the forward-looking statements relating thereto, may change over time. NiSource expressly disclaims any duty to update any of the forward-looking statements contained in this report.

The following Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with NiSource's Annual Report on Form 10-K for the fiscal year ended December 31, 2014 .

CONSOLIDATED REVIEW

Planned Separation of Columbia Pipeline Group and Initial Public Offering of Columbia Pipeline Partners LP

On September 28, 2014, NiSource (the "Company") announced that its Board of Directors had approved in principle plans to separate its natural gas pipeline and related businesses into a stand-alone publicly traded company (the "Proposed Separation"). If completed, the Proposed Separation will result in two energy infrastructure companies: NiSource Inc., a fully regulated natural gas and electric utilities company, and Columbia Pipeline Group Inc., a natural gas pipeline, midstream and storage company ("CPG"). The Proposed Separation is expected to occur on July 1, 2015.

Under the plan for the Proposed Separation, NiSource stockholders would retain their current shares of NiSource stock and receive a *pro rata* distribution of shares of CPG stock in a transaction that is expected to be tax-free to NiSource and its stockholders for U.S. federal income tax purposes.

The Proposed Separation is subject to various conditions, including, without limitation, the receipt by NiSource of a legal opinion on the tax-free nature of the distribution and final approval of the NiSource Board of Directors. NiSource shareholder approval of the transaction is not required. There is no assurance that the transaction will be completed on July 1, 2015 or at all.

In addition, prior to the Proposed Separation, CPG expects to issue its own long-term notes and use the proceeds from that offering to repay intercompany debt and pay a special dividend to NiSource, which plans to use the special dividend to reduce its net debt prior to the Proposed Separation.

On February 11, 2015, CPPL completed its IPO of 53.8 million common units representing limited partnership interests, constituting 53.5% of the Partnership's outstanding limited partnership interests. The Partnership received \$1,168.4 million of net proceeds

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(continued)

NiSource Inc.

from the IPO. NiSource, through CPG, owns the general partner of the Partnership, all of the Partnership's subordinated units and the incentive distribution rights. The assets of the Partnership consist of a 15.7 percent limited partner interest in Columbia OpCo, which consists of substantially all of the Columbia Pipeline Group Operations segment. The operations of the Partnership will be consolidated in NiSource's results as long as the Partnership remains a subsidiary. If the Proposed Separation occurs, CPG would no longer be a subsidiary of NiSource and, thus, NiSource would cease to own (a) any interest in Columbia OpCo, (b) the general partner of the Partnership, (c) any of the limited partner interests in the Partnership or (d) any of the incentive distribution rights in the Partnership.

Executive Summary

NiSource is an energy holding company under the Public Utility Holding Company Act of 2005 whose subsidiaries are engaged in the transmission, storage and distribution of natural gas in the high-demand energy corridor stretching from the Gulf Coast through the Midwest to New England and the generation, transmission and distribution of electricity in Indiana. NiSource generates substantially all of its operating income through these rate-regulated businesses. A significant portion of NiSource's operations is subject to seasonal fluctuations in sales. During the heating season, which is primarily from November through March, net revenues from gas sales are more significant, and during the cooling season, which is primarily from June through September, net revenues from electric sales and transportation services are more significant, than in other months.

For the three months ended March 31, 2015, net income attributable to NiSource was \$268.4 million, or \$0.85 per basic share, compared to \$266.2 million, or \$0.85 per basic share reported for the same period in 2014.

The increase in net income attributable to NiSource was due primarily to the following items:

- Regulatory and service programs at Gas Distribution Operations increased net revenues by \$33.2 million primarily due to the impacts of the rate cases at Columbia of Pennsylvania, Columbia of Virginia and Columbia of Massachusetts, as well as the implementation of rates under Columbia of Ohio's approved infrastructure replacement program. Refer to Note 7, "Regulatory Matters," in the Notes to Consolidated Financial Statements included in NiSource's Annual Report on Form 10-K for the fiscal year ended December 31, 2014 for more information.
- Demand margin revenue increased by \$30.7 million at Columbia Pipeline Group Operations primarily as a result of growth projects placed in service. Refer to the Columbia Pipeline Group Operations' segment discussion for further information on growth projects.

These increases in net income attributable to NiSource were partially offset by the following:

- Outside service costs increased by \$26.2 million primarily due to costs associated with the Proposed Separation.
- Employee and administrative expense increased by \$20.4 million due primarily to greater labor expense due to a growing workforce.

These factors and other impacts to the financial results are discussed in more detail within the following discussions of "Results of Operations" and "Results and Discussion of Segment Operations."

Platform for Growth

NiSource's business plan will continue to center on commercial and regulatory initiatives, commercial growth and expansion of the gas transmission and storage business, and financial management of the balance sheet.

Commercial and Regulatory Initiatives

NiSource is moving forward on regulatory initiatives across several distribution company markets. Whether through full rate case filings or other approaches, NiSource's goal is to develop strategies that benefit all stakeholders as it addresses changing customer conservation patterns, develops more contemporary pricing structures, and embarks on long-term investment programs to enhance its infrastructure.

NIPSCO continued to focus on customer service, reliability and long-term growth and modernization initiatives during the first quarter, while executing on significant environmental investments.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(continued)

NiSource Inc.

- NIPSCO remains on schedule and on budget with its FGD unit at its Michigan City Generating Station. The approximately \$264.8 million project is expected to be placed in service by the end of 2015 along with an additional \$80 million in environmental investments at NIPSCO's coal-fired generating facilities. These investments, supported with cost recovery, help improve air quality and ensure NIPSCO's generation fleet remains in compliance with current environmental regulations. These investments also help ensure that NIPSCO can continue offering low-cost, reliable and efficient generating capacity for its customers.
- Progress also continued on two major NIPSCO electric transmission projects designed to enhance system flexibility and reliability. The Greentown-Reynolds project is a 70-mile, 765-kV line being constructed in a joint development agreement with Pioneer Transmission, and the Reynolds-Topeka project is a 100-mile, 345-kV line. Right-of-way acquisition and permitting are under way for both projects and construction has begun on the Reynolds-Topeka line. The projects involve a NIPSCO investment of approximately \$500 million and are anticipated to be in service by the end of 2018.

NiSource's Gas Distribution companies continue to execute their strategy of long-term infrastructure replacement and enhancement and advance their regulatory agenda.

- On March 19, 2015, Columbia of Pennsylvania filed a base rate case with the Pennsylvania PUC to support continuation of Columbia of Pennsylvania's infrastructure modernization and safety programs. If approved as filed, the case would increase annual revenues by \$46.2 million. New rates are expected to go into effect during the fourth quarter of 2015.
- On April 16, 2015, Columbia of Massachusetts filed a base rate case with the Massachusetts DPU. The case, which seeks increased annual revenues of approximately \$49.0 million, is designed to support the company's continued focus on providing safe and reliable service in compliance with increasing state and federal regulations and oversight and recovery of associated increased operations and maintenance costs. An order in the proceeding is expected on February 29, 2016 with new rates effective March 1, 2016.
- Columbia of Virginia's base rate case remains pending with the VSCC. The case is expected to provide a base rate increase of \$25.2 million, including recovery of pipeline safety program costs.

Refer to Note 7, "Regulatory Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for a complete discussion of regulatory and commercial matters.

Modernization, Commercial Growth and Expansion of the Columbia Pipeline Group Operations

Columbia Pipeline Group Operations continues to make progress on its long-term infrastructure modernization program, as well as a series of midstream and core growth initiatives tied to NiSource's asset position in the Utica and Marcellus Shale production regions.

- In January 2015, Columbia Pipeline Group Operations commenced the third year of the Columbia Transmission long-term system modernization program. The Columbia Pipeline Group Operations segment expects to invest approximately \$300 million in modernization investments during 2015. Recovery of approximately \$320 million of investments made in 2014 began on February 1, 2015. A settlement with the company's customers, approved in early 2013, addresses the initial five years of an expected 10 to 15 year program that is expected to exceed \$4 billion in investment.
- Columbia Pipeline Group Operations segment's East Side Expansion project will be placed in service in the fourth quarter of 2015. The \$275 million project will provide up to 312,000 Dth/d of additional capacity for Marcellus Shale supplies to reach growing and capacity constrained northeastern and mid-Atlantic markets.
- Progress continues on several other major growth projects, including Columbia Pipeline Group Operations' approximately \$1.8 billion combined investment in the Leach and Rayne XPress projects, the approximate \$850 million WB XPress project, the \$310 million Cameron Access project, the \$50 million Utica Access project, the \$33 million Chesapeake LNG project, and the \$24 million Kentucky Power Plant project. Together these projects will entail approximately 4 billion cubic feet of new capacity commitments across the Columbia Pipeline Group Operations' system, including access to LNG export facilities in Louisiana and Maryland.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(continued)

NiSource Inc.

- NiSource Midstream also is on budget and schedule with the first phase of its \$120 million Washington County Gathering project and its approximately \$65 million Big Pine Expansion project. Both are expected to be in service in the third quarter of 2015.

Financial Management of the Balance Sheet

On March 30, 2015, Standard & Poor's affirmed the senior unsecured ratings for NiSource and its subsidiaries at BBB- and the commercial paper rating of A-3. Standard & Poor's outlook for NiSource and all of its subsidiaries is Watch Positive.

On February 11, 2015, CPPL completed its IPO of 53.8 million common units representing limited partnership interests. See additional information at the beginning of this section.

CPPL maintains a \$500.0 million revolving credit facility, of which \$50.0 million is available for issuance of letters of credit. The purpose of the facility is to provide cash for general partnership purposes, including working capital, capital expenditures and the funding of capital calls. At March 31, 2015, CPPL had no outstanding borrowings under this facility.

In preparation for the Planned Separation, the debt recapitalization process is expected to begin during the second quarter of 2015 and will include CPG issuing its own long-term debt prior to the separation to fund a one-time cash distribution to NiSource, which is to be used, in large part, to reduce NiSource's net debt.

Ethics and Controls

NiSource has had a long-term commitment to providing accurate and complete financial reporting as well as high standards for ethical behavior by its employees. NiSource's senior management takes an active role in the development of this Form 10-Q and the monitoring of the company's internal control structure and performance. In addition, NiSource will continue its mandatory ethics training program for all employees.

For additional information refer to Item 4, "Controls and Procedures."

Results of Operations

Quarter Ended March 31, 2015

Net Income Attributable to NiSource

NiSource reported net income of \$268.4 million, or \$0.85 per basic share, for the three months ended March 31, 2015, compared to net income of \$266.2 million, or \$0.85 per basic share, for the first quarter of 2014. Income from continuing operations was \$268.4 million, or \$0.85 per basic share, for the three months ended March 31, 2015, compared to income from continuing operations of \$266.4 million, or \$0.85 per basic share, for the first quarter of 2014. Operating income was \$530.1 million, a decrease of \$3.6 million from the same period in 2014. All per share amounts are basic earnings per share. Basic average shares of common stock outstanding at March 31, 2015 were 316.6 million compared to 314.2 million at March 31, 2014.

Comparability of line item operating results between quarterly periods is impacted by regulatory and tax trackers that allow for the recovery in rates of certain costs such as bad debt expense. Therefore, increases in these tracked operating expenses are offset by increases in net revenues and have essentially no impact on income from continuing operations.

Net Revenues

Total consolidated net revenues (gross revenues less cost of sales) for the quarter ended March 31, 2015, were \$1,343.7 million, an \$84.5 million increase from the same period last year. This increase in net revenues was primarily due to increased Gas Distribution Operations' net revenues of \$91.1 million, offset by a decrease in Columbia Pipeline Group Operations' net revenues of \$5.8 million.

- Gas Distribution Operations' net revenues increased due primarily to an increase in regulatory and tax trackers, which are offset in expense, of \$50.6 million and an increase of \$33.2 million for regulatory and service programs, including the impacts of rate cases at Columbia of Pennsylvania, Columbia of Virginia and Columbia of Massachusetts, as well as the implementation of rates under Columbia of Ohio's approved infrastructure replacement program. Additionally, there was higher revenue of \$5.3 million resulting from the prior year reduction in revenue from NIPSCO's GCIM.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(continued)

NiSource Inc.

These increases to net revenues were partially offset by the following:

- Columbia Pipeline Group Operations' net revenues decreased due primarily to lower regulatory trackers, which are offset in expense, of \$27.4 million and other miscellaneous decreases of \$9.1 million. These decreases were partially offset by increased demand margin revenue of \$30.7 million as a result of growth projects placed in service and new firm contracts.

Operating Expenses

Operating expenses for the first quarter of 2015 were \$829.0 million, an increase of \$93.7 million from the 2014 period. This increase was primarily due to higher operation and maintenance expenses of \$72.9 million, increased depreciation and amortization of \$8.8 and a decrease in the gain on the sale of assets of \$10.7 million. The increase in operation and maintenance expenses was primarily due to increased outside service costs of \$26.2 million, higher regulatory trackers, which are offset in net revenues, of \$24.7 million and increased employee and administrative costs of \$20.4 million. The increase in depreciation and amortization is primarily due to higher capital expenditures placed in service. The decrease in the gain on the sale of assets primarily resulted from lower gains on conveyance of mineral interests of \$12.2 million.

Equity Earnings in Unconsolidated Affiliates

Equity Earnings in Unconsolidated Affiliates were \$15.4 million during the first quarter of 2015 compared to \$9.8 million for the first quarter of 2014. Equity Earnings in Unconsolidated Affiliates includes earnings from investments in Millennium, Hardy Storage and Pennant, which are integral to the Columbia Pipeline Group Operations' business. Equity earnings increased primarily from increased earnings at Millennium attributable to growth projects placed in service and higher earnings at Pennant as a result of the joint venture projects going fully in-service.

Other Income (Deductions)

Other Income (Deductions) reduced income by \$103.9 million in the first quarter of 2015 compared to a reduction in income of \$104.6 million in the prior year.

Income Taxes

Income tax expense for the quarter ended March 31, 2015 was \$150.9 million compared to \$162.7 million in the prior year. NiSource's interim effective tax rates reflect the estimated annual effective tax rates for 2015 and 2014, adjusted for tax expense associated with certain discrete items. The effective tax rates for the quarters ended March 31, 2015 and 2014 were 35.4% and 37.9%, respectively. These effective tax rates differ from the Federal tax rate of 35% primarily due to the effects of tax credits, state income taxes, utility ratemaking, and other permanent book-to-tax differences. The decrease in the three month effective tax rate of 2.5% in 2015 versus 2014 is primarily due to the impact of the Indiana rate change in 2014. Refer to Note 11, "Income Taxes," in the Notes to Condensed Consolidated Financial Statements (unaudited) for further discussion of income taxes.

Liquidity and Capital Resources

A significant portion of NiSource's operations, most notably in the gas distribution, gas transportation and electric businesses, are subject to seasonal fluctuations in cash flow. During the heating season, which is primarily from November through March, cash receipts from gas sales and transportation services typically exceed cash requirements. During the summer months, cash on hand, together with the seasonal increase in cash flows from the electric business during the summer cooling season and external short-term and long-term financing, is used to purchase gas to place in storage for heating season deliveries and perform necessary maintenance of facilities. NiSource believes that through income generated from operating activities, amounts available under its short-term revolver, commercial paper program, long-term debt agreements and NiSource's ability to access the capital markets, there is adequate capital available to fund its operating activities and capital expenditures in 2015.

Operating Activities

Net cash from operating activities for the three months ended March 31, 2015 was \$604.3 million, an increase of \$210.3 million compared to the three months ended March 31, 2014. The increase in net cash from operating activities was primarily due to an increase in overrecovered gas and fuel costs and accounts receivable working capital accounts as a result of lower gas prices and warmer weather in the first quarter of 2015 compared to the same period in 2014.

Pension and Other Postretirement Plan Funding. NiSource expects to make contributions of approximately \$3.5 million to its pension plans and approximately \$34.8 million to its other postretirement benefit plans in 2015, which could change depending on market conditions. For the three months ended March 31, 2015, NiSource has contributed \$0.7 million to its pension plans and \$8.7 million to its other postretirement benefit plans.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(continued)

NiSource Inc.

Investing Activities

NiSource's capital expenditures for the three months ended March 31, 2015 were \$407.5 million, compared to \$386.3 million for the comparable period in 2014. This increased spending is mainly due to higher spending in the Columbia Pipeline Group Operations segment on various growth projects primarily in the Marcellus and Utica Shale areas and for expenditures under the modernization program. NiSource projects 2015 capital expenditures to be approximately \$2.4 billion.

Restricted cash was \$21.6 million and \$24.9 million as of March 31, 2015 and December 31, 2014, respectively.

Contributions to equity investees decreased \$32.2 million primarily due to no contributions being made to Pennant during the first quarter of 2015 as a result of the joint venture projects going fully in-service.

Financing Activities

Columbia Pipeline Partners LP. CPPL received net proceeds of \$1,168.4 million from its IPO completed on February 11, 2015.

Credit Facilities. NiSource Finance currently maintains a \$2.0 billion revolving credit facility with a syndicate of banks led by Barclays Capital with a termination date of September 28, 2018. The purpose of the facility is to fund ongoing working capital requirements including the provision of liquidity support for NiSource's \$1.5 billion commercial paper program, provide for issuance of letters of credit, and also for general corporate purposes. In December 2014, with an effective date pending the Proposed Separation of NiSource and CPG, NiSource Finance revised the \$2.0 billion revolver to \$1.5 billion and extended the termination date to the fifth anniversary of the effective date. Contemporaneous with the revision to NiSource Finance's revolving credit facility, revolving credit facilities were established for CPG and CPPL in the amount of \$1.5 billion and \$500 million, respectively.

As of March 31, 2015, NiSource has deferred \$8.8 million of debt issuance costs related to the establishment of the CPG and CPPL credit facilities and the revision of the NiSource Finance facility.

The \$1.5 billion CPG credit facility will be effective with the Proposed Separation.

CPPL's \$500 million revolving credit facility, of which \$50 million will be available for issuance of letters of credit, became effective upon the closing of the IPO. The purpose of the facility is to provide cash for general partnership purposes, including working capital, capital expenditures and the funding of capital calls.

NiSource Finance's commercial paper program has a program limit of up to \$1.5 billion with a dealer group comprised of Barclays, Citigroup, Credit Suisse, RBS and Wells Fargo. Commercial paper issuances are supported by available capacity under NiSource's \$2.0 billion unsecured revolving credit facility, which expires in September 2018. The aforementioned pending revolver amendment for NiSource Finance and pending revolver for CPG are expected to support commercial paper borrowings of \$1.5 billion each. CPPL is not expected to issue commercial paper.

NiSource Finance had no borrowings outstanding under its revolving credit facility at March 31, 2015 and \$500.0 million at December 31, 2014 at a weighted average interest rate of 1.44%. In addition, NiSource Finance had \$39.0 million in commercial paper outstanding at March 31, 2015, at a weighted average interest rate of 0.96% and \$792.6 million in commercial paper outstanding at December 31, 2014, at a weighted average interest rate of 0.82%.

As of March 31, 2015 and December 31, 2014, NiSource had \$275.0 million and \$284.3 million, respectively, of short-term borrowings recorded on the Condensed Consolidated Balance Sheets (unaudited) relating to its accounts receivable securitization facilities. See Note 9, "Transfers of Financial Assets," in the Notes to Condensed Consolidated Financial Statements (unaudited).

As of March 31, 2015 and December 31, 2014, NiSource had \$30.9 million of stand-by letters of credit outstanding of which \$14.7 million were under the revolving credit facility.

As of March 31, 2015, an aggregate of \$1,946.3 million of credit was available under the credit facility.

Debt Covenants. NiSource is subject to a financial covenant under its revolving credit facility and its three-year term loans, which require NiSource to maintain a debt to capitalization ratio that does not exceed 70%. A similar covenant in a 2005 private placement note purchase agreement requires NiSource to maintain a debt to capitalization ratio that does not exceed 75%. As of March 31, 2015, the ratio was 53.9%.

NiSource is also subject to certain other non-financial covenants under the revolving credit facility. Such covenants include a limitation on the creation or existence of new liens on NiSource's assets, generally exempting liens on utility assets, purchase

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(continued)

NiSource Inc.

money security interests, preexisting security interests and an additional subset of assets equal to \$150 million. An asset sale covenant generally restricts the sale, lease and/or transfer of NiSource's assets to no more than 10% of its consolidated total assets and dispositions for a price not materially less than the fair market value of the assets disposed of that do not impair the ability of NiSource and NiSource Finance to perform obligations under the revolving credit facility, and that, together with all other such dispositions, would not have a material adverse effect. The revolving credit facility also includes a cross-default provision, which triggers an event of default under the credit facility in the event of an uncured payment default relating to any indebtedness of NiSource or any of its subsidiaries in a principal amount of \$50 million or more.

NiSource's indentures generally do not contain any financial maintenance covenants. However, NiSource's indentures are generally subject to cross-default provisions ranging from uncured payment defaults of \$5 million to \$50 million, and limitations on the incurrence of liens on NiSource's assets, generally exempting liens on utility assets, purchase money security interests, preexisting security interests and an additional subset of assets capped at 10% of NiSource's consolidated net tangible assets.

CPPL's revolving credit facility contains various covenants and restrictive provisions which, among other things, limit CPPL's and its restricted subsidiaries' ability to incur additional indebtedness, guarantees and/or liens; consolidate, merge or transfer all or substantially all of their assets; make certain investments or restricted payments; modify certain material agreements; engage in certain types of transactions with affiliates; dispose of assets; and prepay certain indebtedness, each of which is subject to customary and usual exceptions and baskets, including an exception to the limitation on restricted payments for distributions of available cash, as permitted by CPPL's organizational documents. If CPPL fails to perform its obligations under these and other covenants, the revolving credit commitment could be terminated and any outstanding borrowings, together with accrued interest, under the revolving credit facility could be declared immediately due and payable. The CPPL revolving credit facility also contains customary events of default, including cross default provisions that apply to any other indebtedness CPPL may have with an outstanding principal amount in excess of \$50 million.

CPPL's revolving credit facility also contains certain negative financial covenants that will require CPPL (a) to maintain a consolidated total leverage ratio that does not exceed (i) 5.75 to 1.00 for the test period ending December 31, 2015, (ii) 5.50 to 1.00 for any test period ending after December 31, 2015 and on or before December 31, 2017, and (iii) 5.00 to 1.00 for any test period ending after December 31, 2017, provided that after December 31, 2017 and during a Specified Acquisition Period (as defined in CPPL's revolving credit facility), then the leverage ratio may not exceed 5.50 to 1.00 and (b) until CPG has received an investment grade rating, to maintain a Consolidated Interest Coverage Ratio (as defined in the MLP revolving credit facility) of no less than 3.00 to 1.00.

A breach by CPPL of any of these covenants could result in a default in respect of the related debt. If a default occurred, the relevant lenders could elect to declare the debt, together with accrued interest and other fees, to be immediately due and payable and proceed against CPPL or any guarantor, including NiSource.

Sale of Trade Accounts Receivables. Refer to Note 9, "Transfers of Financial Assets," in the Notes to Condensed Consolidated Financial Statements (unaudited) for information on the sale of trade accounts receivable.

All accounts receivable sold to the purchasers are valued at face value, which approximates fair value due to their short-term nature. The amount of the undivided percentage ownership interest in the accounts receivables sold is determined, in part, by required loss reserves under the agreements.

Credit Ratings. On March 30, 2015, Standard & Poor's affirmed the senior unsecured ratings for NiSource and its subsidiaries at BBB- and the commercial paper rating of A-3. Standard & Poor's outlook for NiSource and all of its subsidiaries is Watch Positive. On September 29, 2014, Moody's affirmed the NiSource senior unsecured rating of Baa2 and commercial paper rating of P-2, with a stable outlook. Additionally, Moody's affirmed NIPSCO's Baa1 rating and affirmed the Baa2 rating for Columbia of Massachusetts. On September 29, 2014, Fitch affirmed the senior unsecured ratings for NiSource at BBB-, and the existing ratings of its other rated subsidiaries. Fitch's outlook for NiSource and its subsidiaries is stable. Although all ratings continue to be investment grade, a downgrade by either Standard & Poor's or Fitch would result in a rating that is below investment grade.

Certain NiSource affiliates have agreements that contain "ratings triggers" that require increased collateral if the credit ratings of NiSource or certain of its subsidiaries are rated below BBB- by Standard & Poor's or Baa3 by Moody's. These agreements are primarily for insurance purposes and for the physical purchase or sale of power. The collateral requirement that would be required in the event of a downgrade below the ratings trigger levels would amount to approximately \$39.7 million as of March 31, 2015. In addition to agreements with ratings triggers, there are other agreements that contain "adequate assurance" or "material adverse change" provisions that could necessitate additional credit support such as letters of credit and cash collateral to transact business.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
(continued)

NiSource Inc.

Contractual Obligations. There were no material changes recorded during the three months ended March 31, 2015 to NiSource's contractual obligations as of December 31, 2014 .

Market Risk Disclosures

Risk is an inherent part of NiSource's energy businesses. The extent to which NiSource properly and effectively identifies, assesses, monitors and manages each of the various types of risk involved in its businesses is critical to its profitability. NiSource seeks to identify, assess, monitor and manage, in accordance with defined policies and procedures, the following principal market risks that are involved in NiSource's energy businesses: commodity price risk, interest rate risk and credit risk. Risk management at NiSource is a multi-faceted process with oversight by the Risk Management Committee that requires constant communication, judgment and knowledge of specialized products and markets. NiSource's senior management takes an active role in the risk management process and has developed policies and procedures that require specific administrative and business functions to assist in the identification, assessment and control of various risks. These include but are not limited to market, operational, financial, compliance and strategic risk types. In recognition of the increasingly varied and complex nature of the energy business, NiSource's risk management process, policies and procedures continue to evolve and are subject to ongoing review and modification.

Commodity Price Risk

NiSource is exposed to commodity price risk as a result of its subsidiaries' operations involving natural gas and power. To manage this market risk, NiSource's subsidiaries use derivatives, including commodity futures contracts, swaps and options. NiSource is not involved in speculative energy trading activity.

Commodity price risk resulting from derivative activities at NiSource's rate-regulated subsidiaries is limited, since regulations allow recovery of prudently incurred purchased power, fuel and gas costs through the ratemaking process, including gains or losses on these derivative instruments. If states should explore additional regulatory reform, these subsidiaries may begin providing services without the benefit of the traditional ratemaking process and may be more exposed to commodity price risk. Some of NiSource's rate-regulated utility subsidiaries offer commodity price risk products to its customers for which derivatives are used to hedge forecasted customer usage under such products. These subsidiaries do not have regulatory recovery orders for these products and are subject to gains and losses recognized in earnings due to hedge ineffectiveness.

There are no material commodity price risk assets or liabilities as of March 31, 2015 and December 31, 2014 .

Interest Rate Risk

NiSource is exposed to interest rate risk as a result of changes in interest rates on borrowings under its revolving credit agreement, term loans, commercial paper program and accounts receivable programs, which have interest rates that are indexed to short-term market interest rates. Based upon average borrowings and debt obligations subject to fluctuations in short-term market interest rates, an increase (or decrease) in short-term interest rates of 100 basis points (1%) would have increased (or decreased) interest expense by \$4.9 million for the three months ended March 31, 2015 and \$3.7 million for the three months ended March 31, 2014 .

Credit Risk

Due to the nature of the industry, credit risk is embedded in many of NiSource's business activities. NiSource's extension of credit is governed by a Corporate Credit Risk Policy. In addition, Risk Management Committee guidelines are in place which document management approval levels for credit limits, evaluation of creditworthiness, and credit risk mitigation efforts. Exposures to credit risks are monitored by the Corporate Credit Risk function which is independent of commercial operations. Credit risk arises due to the possibility that a customer, supplier or counterparty will not be able or willing to fulfill its obligations on a transaction on or before the settlement date. For derivative related contracts, credit risk arises when counterparties are obligated to deliver or purchase defined commodity units of gas or power to NiSource at a future date per execution of contractual terms and conditions. Exposure to credit risk is measured in terms of both current obligations and the market value of forward positions net of any posted collateral such as cash and letters of credit.

NiSource closely monitors the financial status of its banking credit providers. NiSource evaluates the financial status of its banking partners through the use of market-based metrics such as credit default swap pricing levels, and also through traditional credit ratings provided by major credit rating agencies.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(continued)

NiSource Inc.

Fair Value Measurement

NiSource measures certain financial assets and liabilities at fair value. The level of the fair value hierarchy disclosed is based on the lowest level of input that is significant to the fair value measurement. NiSource's financial assets and liabilities include price risk assets and liabilities, available-for-sale securities and a deferred compensation plan obligation.

Exchange-traded derivative contracts are generally based on unadjusted quoted prices in active markets and are classified within Level 1. These financial assets and liabilities are secured with cash on deposit with the exchange; therefore nonperformance risk has not been incorporated into these valuations. Certain non-exchange-traded derivatives are valued using broker or over-the-counter, on-line exchanges. In such cases, these non-exchange-traded derivatives are classified within Level 2. Non-exchange-based derivative instruments include swaps, forwards, and options. In certain instances, NiSource may utilize models to measure fair value. Valuation models utilize various inputs that include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, other observable inputs for the asset or liability, and market-corroborated inputs, i.e., inputs derived principally from or corroborated by observable market data by correlation or other means. Where observable inputs are available for substantially the full term of the asset or liability, the instrument is categorized in Level 2. Certain derivatives trade in less active markets with a lower availability of pricing information and models may be utilized in the valuation. When such inputs have a significant impact on the measurement of fair value, the instrument is categorized in Level 3. Credit risk is considered in the fair value calculation of derivative instruments that are not exchange-traded. Credit exposures are adjusted to reflect collateral agreements which reduce exposures.

Refer to Note 8, "Fair Value" in the Notes to the Condensed Consolidated Financial Statements (unaudited) for additional information on NiSource's fair value measurements.

Off Balance Sheet Arrangements

As a part of normal business, NiSource and certain subsidiaries enter into various agreements providing financial or performance assurance to third parties on behalf of certain subsidiaries. Such agreements include guarantees and stand-by letters of credit.

NiSource has purchase and sales agreement guarantees totaling \$25.6 million, which guarantee purchaser performance or seller performance under covenants, obligations, liabilities, representations or warranties under the agreements. No amounts related to the purchase and sales agreement guarantees are reflected in the Condensed Consolidated Balance Sheets (unaudited). Management believes that the likelihood NiSource would be required to perform or otherwise incur any significant losses associated with any of the aforementioned guarantees is remote.

NiSource has other guarantees outstanding. Refer to Note 16-A, "Other Commitments and Guarantees - Guarantees and Indemnities," in the Notes to Condensed Consolidated Financial Statements (unaudited) for additional information about NiSource's off balance sheet arrangements.

Other Information

Critical Accounting Policies

There were no significant changes to critical accounting policies for the period ended March 31, 2015.

Recently Issued Accounting Pronouncements

In April 2015, the FASB issued ASU 2015-05, *Intangibles - Goodwill and Other-Internal-Use Software (Subtopic 350-40): Customer's Accounting for Fees Paid in a Cloud Computing Arrangement*. ASU 2015-05 clarifies guidance on determining whether a cloud computing arrangement contains a software license that should be accounted for as internal-use software. NiSource is required to adopt ASU 2015-05 for periods beginning after December 15, 2015, including interim periods, and the guidance is permitted to be applied either (1) prospectively to all agreements entered into or materially modified after the effective date or (2) retrospectively, with early adoption permitted. NiSource is currently evaluating the impact the adoption of ASU 2015-05 will have on the Condensed Consolidated Financial Statements (unaudited) or Notes to Condensed Consolidated Financial Statements (unaudited).

In April 2015, the FASB issued ASU 2015-03, *Interest - Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs*. ASU 2015-03 changes the way entities present debt issuance costs in financial statements by presenting issuance costs on the balance sheet as a direct deduction from the related debt liability rather than as a deferred charge. Amortization of these costs will continue to be reported as interest expense. NiSource is required to adopt ASU 2015-03 for periods beginning

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(continued)

NiSource Inc.

after December 15, 2015, including interim periods, and the guidance is to be applied retrospectively with early adoption permitted. NiSource is currently evaluating the impact the adoption of ASU 2015-03 will have on the Condensed Consolidated Financial Statements (unaudited) or Notes to Condensed Consolidated Financial Statements (unaudited).

In February 2015, the FASB issued ASU 2015-02, *Consolidation (Topic 810): Amendments to the Consolidation Analysis*. ASU 2015-02 amends consolidation guidance by including changes to the variable and voting interest models used by entities to evaluate whether an entity should be consolidated. NiSource is required to adopt ASU 2015-02 for periods beginning after December 15, 2015, including interim periods, and the guidance is to be applied retrospectively or using a modified retrospective approach, with early adoption permitted. NiSource is currently evaluating the impact the adoption of ASU 2015-02 will have on the Condensed Consolidated Financial Statements (unaudited) and Notes to Condensed Consolidated Financial Statements (unaudited).

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
(continued)

NiSource Inc.

RESULTS AND DISCUSSION OF SEGMENT OPERATIONS

Presentation of Segment Information

NiSource's operations are divided into three primary business segments: Gas Distribution Operations, Columbia Pipeline Group Operations and Electric Operations.

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(continued)**NiSource Inc.**
Gas Distribution Operations

<i>(in millions)</i>	Three Months Ended March 31,	
	2015	2014
Net Revenues		
Sales revenues	\$ 1,456.3	\$ 1,565.6
Less: Cost of gas sold (excluding depreciation and amortization)	722.6	923.0
Net Revenues	733.7	642.6
Operating Expenses		
Operation and maintenance	291.8	228.8
Depreciation and amortization	56.1	52.2
Other taxes	60.6	59.8
Total Operating Expenses	408.5	340.8
Operating Income	\$ 325.2	\$ 301.8
Revenues (\$ in millions)		
Residential	\$ 1,014.9	\$ 1,005.8
Commercial	369.4	366.3
Industrial	88.0	84.3
Off System	38.8	71.9
Other	(54.8)	37.3
Total	\$ 1,456.3	\$ 1,565.6
Sales and Transportation (MMDth)		
Residential	153.1	156.5
Commercial	88.7	90.1
Industrial	146.8	136.8
Off System	13.5	14.3
Other	—	0.2
Total	402.1	397.9
Heating Degree Days	3,404	3,437
Normal Heating Degree Days	2,892	2,892
% Colder than Normal	18%	19%
Customers		
Residential	3,111,880	3,094,353
Commercial	284,081	283,000
Industrial	7,641	7,570
Other	15	20
Total	3,403,617	3,384,943

NiSource's Gas Distribution Operations serve approximately 3.4 million customers in seven states: Ohio, Indiana, Pennsylvania, Massachusetts, Virginia, Kentucky and Maryland. The regulated subsidiaries offer both traditional bundled services as well as transportation only for customers that purchase gas from alternative suppliers. The operating results reflect the temperature-sensitive nature of customer demand with 73% of annual residential and commercial throughput affected by seasonality. As a result, segment operating income is higher in the first and fourth quarters reflecting the heating demand during the winter season.

Regulatory Matters

Refer to Note 7, "Regulatory Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for information on significant rate developments and cost recovery and trackers for the Gas Distribution Operations segment.

Customer Usage. Increased efficiency of natural gas appliances and improvements in home building codes and standards has contributed to a

long-term trend of declining average use per customer. Residential and commercial usage for the three months

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
(continued)

NiSource Inc.
Gas Distribution Operations

ended March 31, 2015 decreased from the same period last year primarily due to warmer weather compared to the prior year. While historically, rate design at the distribution level has been structured such that a large portion of cost recovery is based upon throughput, rather than in a fixed charge, operating costs are largely incurred on a fixed basis, and do not fluctuate due to changes in customer usage. As a result, the NiSource LDCs have pursued changes in rate design to more effectively match recoveries with costs incurred. Each of the states in which the NiSource LDCs operate has different requirements regarding the procedure for establishing changes to rate design. Columbia of Ohio restructured its rate design through a base rate proceeding and has adopted a "de-coupled" rate design which more closely links the recovery of fixed costs with fixed charges. Columbia of Massachusetts and Columbia of Virginia received regulatory approval of decoupling mechanisms which adjust revenues to an approved benchmark level through a volumetric adjustment factor. Columbia of Maryland has received regulatory approval to implement a residential class revenue normalization adjustment, a decoupling mechanism whereby monthly revenues that exceed or fall short of approved levels are reconciled in subsequent months. In a prior base rate proceeding, Columbia of Pennsylvania implemented a residential weather normalization adjustment charge. In a prior base rate proceeding, NIPSCO implemented a higher fixed customer charge for residential and small customer classes moving toward full straight fixed variable rate design.

Environmental Matters

Currently, various environmental matters impact the Gas Distribution Operations segment. As of March 31, 2015, reserves have been recorded to cover probable environmental response actions. Refer to Note 16-C, "Other Commitments and Guarantees - Environmental Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for additional information regarding environmental matters for the Gas Distribution Operations segment.

Weather

In general, NiSource calculates the weather related revenue variance based on changing customer demand driven by weather variance from normal heating degree-days. Normal is evaluated using heating degree days across the NiSource distribution region. While the temperature base for measuring heating degree days (i.e. the estimated average daily temperature at which heating load begins) varies slightly across the region, the NiSource composite measurement is based on 65 degrees. NiSource composite heating degree days reported do not directly correlate to the weather related dollar impact on the results of Gas Distribution Operations. Heating degree days experienced during different times of the year or in different operating locations may have more or less impact on volume and dollars depending on when and where they occur. When the detailed results are combined for reporting, there may be weather related dollar impacts on operations when there is not an apparent or significant change in the aggregated NiSource composite heating degree-day comparison.

Weather in the Gas Distribution Operations' territories for the first quarter of 2015 was 18% colder than normal and 1% warmer than the first quarter in 2014.

Throughput

Total volumes sold and transported of 402.1 million MMDth for the first quarter of 2015 increased by 4.2 MMDth from the same period last year. This 1.1% increase in volumes was primarily attributable to higher industrial throughput.

Net Revenues

Net revenues for the first quarter of 2015 were \$733.7 million, an increase of \$91.1 million from the same period in 2014. The increase in net revenues is due primarily to an increase in regulatory and tax trackers, which are offset in expense, of \$50.6 million and an increase of \$33.2 million for regulatory and service programs, including the impacts of rate cases at Columbia of Pennsylvania, Columbia of Virginia and Columbia of Massachusetts, as well as the implementation of rates under Columbia of Ohio's approved infrastructure replacement program. Additionally, there was higher revenue of \$5.3 million resulting from the prior year reduction in revenue from NIPSCO's GCIM.

At NIPSCO, sales revenues and customer billings are adjusted for amounts related to under and over-recovered purchased gas costs from prior periods per regulatory order. These amounts are primarily reflected in the "Other" gross revenues statistic provided at the beginning of this segment discussion. The adjustment to Other gross revenues for the three months ended March 31, 2015 was a revenue decrease of \$63.6 million compared to a revenue increase of \$31.5 million for the three months ended March 31, 2014.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
(continued)

NiSource Inc.
Gas Distribution Operations

Operating Income

For the first quarter of 2015 , Gas Distribution Operations reported operating income of \$325.2 million, an increase of \$23.4 million from the comparable 2014 period. Operating income increased as a result of higher net revenues, as described above, partially offset by increased operating expenses. Operating expenses were \$67.7 million higher than the comparable period reflecting increased regulatory and tax trackers, which are offset in net revenues, of \$50.6 million, higher employee and administrative expenses of \$6.6 million, increased depreciation of \$3.9 million, and higher outside service costs of \$3.8 million.

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(continued)**NiSource Inc.**
Columbia Pipeline Group Operations

<i>(in millions)</i>	Three Months Ended March 31,	
	2015	2014
Net Revenues		
Transportation revenues	\$ 251.1	\$ 222.3
Storage revenues	50.0	49.9
Other revenues	38.7	73.4
Total Sales Revenues	339.8	345.6
Less: Cost of sales (excluding depreciation and amortization)	0.1	0.1
Net Revenues	339.7	345.5
Operating Expenses		
Operation and maintenance	145.8	165.7
Depreciation and amortization	32.5	29.7
Gain on sale of assets	(5.3)	(17.5)
Other taxes	19.1	18.5
Total Operating Expenses	192.1	196.4
Equity Earnings in Unconsolidated Affiliates	15.4	9.8
Operating Income	\$ 163.0	\$ 158.9
Throughput (MMDth)		
Columbia Transmission	497.3	459.5
Columbia Gulf	145.7	184.9
Crossroads Pipeline	5.1	5.7
Intrasegment eliminations	(28.7)	(61.6)
Total	619.4	588.5

NiSource's Columbia Pipeline Group Operations subsidiaries own and operate approximately 15,000 miles of interstate pipelines and operate one of the nation's largest underground natural gas storage systems, capable of operationally storing approximately 622 Bcf of natural gas. Through its subsidiaries, Columbia Transmission, Columbia Gulf, Columbia Midstream and Crossroads Pipeline, NiSource owns and operates an interstate pipeline network extending from the Gulf of Mexico to New York and the eastern seaboard. Together, these companies serve customers in 16 northeastern, mid-Atlantic, Midwestern and southern states and the District of Columbia.

Columbia Pipeline Group Operations' most significant projects are as follows:

West Side Expansion (Columbia Gulf-Bi-Directional) . The Columbia Pipeline Group Operations segment invested approximately \$113 million in system modifications and horsepower to provide a firm backhaul transportation path from the Leach, Kentucky interconnect with Columbia Transmission to Gulf Coast markets on the Columbia Gulf system. This investment will increase capacity up to 540,000 Dth/d to transport Marcellus production originating in West Virginia. The project is supported by long-term firm contracts and was placed in service in the fourth quarter of 2014. The Alexandria Compression portion of Columbia Gulf's West Side Expansion (approximately \$75 million in capital costs) will be placed in service in the third quarter of 2015.

Chesapeake LNG . The project involves the investment of approximately \$33 million to replace 120,000 Dth/d of existing LNG peak shaving facilities nearing the end of their useful lives. This project is expected to be placed in service in the second quarter of 2015.

Big Pine Expansion . The Columbia Pipeline Group Operations segment is investing approximately \$65 million to make a connection to the Big Pine pipeline and add compression facilities that will add incremental capacity. The additional approximately 10-mile, 20-inch pipeline and compression facilities will support Marcellus shale production in western Pennsylvania. Approximately 50% of the increased capacity generated by the project is supported by a long-term, fee-based agreement with a regional producer, with the remaining capacity expected to be sold to other area producers in the near term. This project is expected to be placed in service by the third quarter of 2015.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
(continued)

NiSource Inc.
Columbia Pipeline Group Operations

East Side Expansion . The Columbia Pipeline Group Operations segment has received FERC authorization to construct facilities for this project, which will provide access for production from the Marcellus shale to the northeastern and mid-Atlantic markets. Supported by long-term firm contracts, the project will add up to 312,000 Dth/d of capacity and is expected to be placed in service in the fourth quarter of 2015. The Columbia Pipeline Group Operations segment plans to invest up to approximately \$275 million in this project.

Washington County Gathering . A large producer has contracted with the Columbia Pipeline Group Operations segment to build an approximately 20-mile dry gas gathering system consisting of 8-inch, 12-inch, and 16-inch pipelines, a 20-inch lateral, as well as compression, measurement and dehydration facilities. The Columbia Pipeline Group Operations segment expects to invest approximately \$120 million beginning in 2014 through 2018 and expects to commence construction in early 2015. The initial wells are expected to come on-line in the third quarter of 2015. The project is supported with minimum volume commitments and further enhances Columbia Midstream's relationship with a producer that has a large Marcellus acreage position.

Kentucky Power Plant Project . The Columbia Pipeline Group Operations segment expects to invest approximately \$24 million to construct 2.7 miles of 16-inch greenfield pipeline and other facilities to a third-party power plant from Columbia Transmission's Line P. This project will provide up to 72,000 Dth/d of new firm service, is supported by a long-term firm contract, and will be placed in service in the second quarter of 2016.

Utica Access Project . The Columbia Pipeline Group Operations segment intends to invest approximately \$50 million to construct 4.7 miles of 24-inch greenfield pipeline to provide 205,000 Dth/d of new firm service to allow Utica production access to liquid trading points on our system. This project is expected to be in service in the fourth quarter of 2016. The Columbia Pipeline Group Operations segment has secured firm contracts for the full delivery volume.

Leach XPress . The Columbia Pipeline Group Operations segment finalized agreements for the installation of approximately 124 miles of 36-inch pipeline from Majorsville to the Crawford compressor station ("Crawford CS") located on the Columbia Transmission system, 27 miles of 36-inch pipeline from Crawford CS to the McArthur compressor station located on the Columbia Transmission system, and approximately 101,700 horsepower across multiple sites to provide approximately 1.5 MMDth/d of capacity out of the Marcellus and Utica production regions to the Leach compressor station ("Leach CS") located on the Columbia Gulf system, TCO Pool, and other markets on the Columbia Transmission system. Virtually all of the project's capacity has been secured with long-term firm contracts. The Columbia Pipeline Group Operations segment expects the project to go in service in the fourth quarter of 2017 and will invest approximately \$1.4 billion in this project.

Rayne XPress. This project would transport approximately 1 MMDth/d of growing southwest Marcellus and Utica production away from constrained production areas to markets and liquid transaction points. Capable of receiving gas from Columbia Transmission's Leach XPress project, gas would be transported from the Leach, Kentucky interconnect with Columbia Transmission in a southerly direction towards the Rayne compressor station in southern Louisiana to reach various Gulf Coast markets. The project also includes the creation of a new compressor station. The Columbia Pipeline Group Operations segment has secured definitive agreements for firm service for the project's capacity and expects the project to be placed in service in the fourth quarter of 2017. The Columbia Pipeline Group Operations segment expects to invest approximately \$383 million on the Rayne XPress project to modify existing facilities and to add new compression.

Cameron Access Project. The Columbia Pipeline Group Operations segment is investing approximately \$310 million in an 800,000 Dth/d expansion of the Columbia Gulf system through improvements to existing pipeline and compression facilities, a new state-of-the-art compressor station near Lake Arthur, Louisiana, and the installation of a new 26-mile pipeline in Cameron Parish to provide for a direct connection to the Cameron LNG Terminal. The Columbia Pipeline Group Operations segment expects the project to be placed in service in the first quarter of 2018 and has secured long-term firm contracts for approximately 90% of the increased volumes.

WB XPress . The Columbia Pipeline Group Operations segment expects to invest approximately \$850 million in this project to expand the WB system through looping and added compression in order to transport approximately 1.3 MMDth/d of Marcellus Shale production on the Columbia Transmission system to pipeline interconnects and East Coast markets, which includes access to the Cove Point LNG terminal. The Columbia Pipeline Group Operations segment expects this project to be placed in service in the fourth quarter of 2018.

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

NiSource Inc. **Columbia Pipeline Group Operations**

Equity Investments

Pennant. Columbia Midstream entered into a 50:50 joint venture in 2012 with affiliates of Hilcorp to construct new wet natural gas gathering pipeline infrastructure and NGL processing facilities to support natural gas production in the Utica Shale region of northeastern Ohio and western Pennsylvania. Columbia Midstream and Hilcorp jointly own Pennant with Columbia Midstream serving as the operator of Pennant and the facilities. NiSource accounts for the joint venture under the equity method of accounting.

During the first quarter of 2015 and 2014, Columbia Midstream made contributions of zero and \$28.4 million, respectively, to Pennant. Pennant distributed \$1.2 million of earnings and returned \$1.3 million of capital to Columbia Midstream during the three months ended March 31, 2015. No distributions were received from Pennant during the three months ended March 31, 2014.

Millennium. The Millennium system is a FERC-regulated interstate natural gas transportation pipeline system, which consists of approximately 253 miles of natural gas transmission pipeline and three compressor stations with approximately 43,000 hp of installed capacity. Millennium transports an average of 1 Bcf/d of natural gas sourced from the Marcellus shale to markets across New York's Southern Tier and lower Hudson Valley, as well as to the New York City markets through its pipeline interconnections. Columbia Transmission owns a 47.5% interest in Millennium and acts as operator for the pipeline in partnership with DTE Millennium Company and National Grid Millennium LLC, which each own an equal remaining share of the company.

During the first quarter of 2015 and 2014, Columbia Transmission made contributions of zero and \$2.6 million, respectively, to Millennium. Columbia Transmission received distributions of earnings of \$16.6 million and \$7.1 million for the three months ended March 31, 2015 and 2014, respectively.

Hardy Storage. The Hardy Storage facility is a FERC-regulated interstate natural gas storage system, which consists of 29 storage wells in a depleted gas production field in Hampshire and Hardy counties, West Virginia, 36.7 miles of pipeline and 7,100 hp of installed capacity. The facility interconnects with Columbia Transmission and has approximately 12 MMDth of working gas capacity and 176,000 Dth/d of withdrawal capacity. Columbia Transmission owns a 50% interest in Hardy Storage and acts as operator for the system. A third party, Piedmont Natural Gas Company, Inc., owns the remaining 50% interest in Hardy Storage.

During both the first quarter of 2015 and 2014, NiSource received distributions of earnings of \$0.5 million from Hardy Storage. NiSource made no contributions during the first quarter of 2015 or 2014.

Nature of Sales

Columbia Transmission and Columbia Gulf compete for transportation customers based on the type of service a customer needs, operating flexibility, available capacity and price. Columbia Gulf and Columbia Transmission provide a significant portion of total transportation services under firm contracts and derive a smaller portion of revenues through interruptible contracts, with management seeking to maximize the portion of physical capacity sold under firm contracts.

Firm service contracts require pipeline capacity to be reserved for a given customer between certain receipt and delivery points. Firm customers generally pay a "capacity reservation" fee based on the amount of capacity being reserved regardless of whether the capacity is used, plus an incremental usage fee when the capacity is used. Annual capacity reservation revenues derived from firm service contracts generally remain constant over the life of the contract because the revenues are based upon capacity reserved and not whether the capacity is actually used. The high percentage of revenue derived from capacity reservation fees mitigates the risk of revenue fluctuations within the Gas Pipeline Group Operations segment due to changes in near-term supply and demand conditions. The following percentages exclude the impact of intrasegment revenues and tracker-related revenues. For the quarter ended March 31, 2015, approximately 93.9% of the transportation revenues were derived from capacity reservation fees paid under firm contracts and 4.5% of the transportation revenues were derived from usage fees under firm contracts compared to approximately 92.6% and 5.2%, respectively, for the quarter ended March 31, 2014.

Interruptible transportation service is typically short term in nature and is generally used by customers that either do not need firm service or have been unable to contract for firm service. These customers pay a usage fee only for the volume of gas actually transported. The ability to provide this service is limited to available capacity not otherwise used by firm customers, and customers receiving services under interruptible contracts are not assured capacity in the pipeline facilities. Columbia Pipeline Group Operations provides interruptible service at competitive prices in order to capture short term market opportunities as they occur and interruptible service is viewed by management as an important strategy to optimize revenues from the gas transmission assets.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
(continued)

NiSource Inc.
Columbia Pipeline Group Operations

For the quarters ended March 31, 2015 and 2014 , approximately 1.6% and 2.2%, respectively, of the transportation revenues were derived from interruptible contracts.

Regulatory Matters

Refer to Note 7, "Regulatory Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for information on regulatory matters for the Columbia Pipeline Group Operations segment.

Environmental Matters

Currently, various environmental matters impact the Columbia Pipeline Group Operations segment. As of March 31, 2015 , a reserve has been recorded to cover probable and estimable environmental response actions. Refer to Note 16-C, "Other Commitments and Guarantees - Environmental Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for additional information regarding environmental matters for the Columbia Pipeline Group Operations segment.

Throughput

Columbia Transmission's throughput consists of gas transportation service deliveries to LDC city gates, to gas fired power plants, other industrial customers, or other interstate pipelines in its market area. Columbia Transmission's market area covers portions of northeastern, mid-Atlantic, Midwestern, and southern states as well as the District of Columbia. Throughput for Columbia Gulf reflects transportation services for gas delivered through its mainline and laterals. Crossroads Pipeline's throughput comes from deliveries it makes to its customers and other pipelines that are located in northern Indiana and Ohio. Intersegment eliminations represent gas delivered to affiliated pipelines within the segment.

Throughput for the Columbia Pipeline Group Operations segment totaled 619.4 MMDth for the first quarter of 2015 , compared to 588.5 MMDth for the same period in 2014 . The increase of 30.9 MMDth primarily reflected increased Marcellus and Utica natural gas production.

Net Revenues

Net revenues were \$339.7 million for the first quarter of 2015 , a decrease of \$5.8 million from the same period in 2014 . The decrease in net revenues is due primarily to lower regulatory trackers, which are offset in expense, of \$27.4 million and other miscellaneous decreases of \$9.1 million. This decrease was partially offset by increased demand margin revenue of \$30.7 million as a result of growth projects placed in service and new firm contracts.

Operating Income

Operating income was \$163.0 million for the first quarter of 2015 , an increase of \$4.1 million from the first quarter of 2014 . Operating income increased as a result of decreased operating expenses and higher equity earnings, partially offset by lower net revenues, as described above. Operating expenses were \$4.3 million lower due to decreased regulatory trackers, which are offset in net revenues, of \$27.4 million. This decrease in operating expenses was partially offset by lower gains on the sale of assets of \$12.2 million primarily resulting from decreased gains on conveyances of mineral interests, higher employee and administrative expenses of \$7.5 million and increased depreciation of \$2.8 million. Equity Earnings increased \$5.6 million due to increased earnings at Millennium attributable to growth projects placed in service and higher earnings at Pennant as a result of the joint venture projects going fully in-service.

[Table of Contents](#)**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**
(continued)**NiSource Inc.**
Electric Operations

<i>(in millions)</i>	Three Months Ended March 31,	
	2015	2014
Net Revenues		
Sales revenues	\$ 395.8	\$ 450.4
Less: Cost of sales (excluding depreciation and amortization)	125.7	180.4
Net Revenues	270.1	270.0
Operating Expenses		
Operation and maintenance	120.2	112.5
Depreciation and amortization	62.2	60.4
Other taxes	17.7	18.2
Total Operating Expenses	200.1	191.1
Operating Income	\$ 70.0	\$ 78.9
Revenues (\$ in millions)		
Residential	\$ 113.6	\$ 113.2
Commercial	110.5	106.2
Industrial	175.0	179.7
Wholesale	6.3	21.4
Other	(9.6)	29.9
Total	\$ 395.8	\$ 450.4
Sales (Gigawatt Hours)		
Residential	865.8	896.2
Commercial	940.0	935.5
Industrial	2,425.4	2,607.1
Wholesale	116.9	311.8
Other	34.6	33.4
Total	4,382.7	4,784.0
Electric Customers		
Residential	403,409	402,676
Commercial	54,695	54,378
Industrial	2,354	2,370
Wholesale	747	724
Other	5	5
Total	461,210	460,153

NiSource generates and distributes electricity, through its subsidiary NIPSCO, to approximately 461 thousand customers in 20 counties in the northern part of Indiana. The operating results reflect the temperature-sensitive nature of customer demand with annual sales affected by temperatures in the northern part of Indiana. As a result, segment operating income is generally higher in the second and third quarters, reflecting cooling demand during the summer season.

Electric Supply

On October 31, 2014, NIPSCO submitted its 2014 Integrated Resource Plan with the IURC. The plan evaluates demand-side and supply-side resource alternatives to reliably and cost-effectively meet NIPSCO customers' future energy requirements over the next twenty years. Existing resources are expected to be sufficient, assuming favorable outcomes for environmental upgrades, to meet customers' needs into the next decade. NIPSCO continues to monitor and assess economic, regulatory and legislative activity, and will update its resource plan as appropriate.

Regulatory Matters

Refer to Note 7, "Regulatory Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for information on significant rate developments and cost recovery and trackers for the Electric Operations segment.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
(continued)

NiSource Inc.
Electric Operations

Environmental Matters

Currently, various environmental matters impact the Electric Operations segment. As of March 31, 2015, a reserve has been recorded to cover probable and estimable environmental response actions. Refer to Note 16-C, "Other Commitments and Guarantees - Environmental Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for additional information regarding environmental matters for the Electric Operations segment.

Transmission Upgrade Agreements

On February 11, 2014, NIPSCO entered into two TUAs with upgrade sponsors to complete upgrades on NIPSCO's transmission system on behalf of those sponsors. The upgrade sponsors have agreed to reimburse NIPSCO for the total cost to construct transmission upgrades and place them into service, multiplied by a rate of 1.71 ("the multiplier").

On June 10, 2014, certain upgrade sponsors for both TUAs, filed a complaint at the FERC against NIPSCO regarding the multiplier stated in the TUAs. On June 30, 2014, NIPSCO filed an answer defending the terms of the TUAs and the just and reasonable nature of the multiplier charged therein and moved for dismissal of the complaint. On December 8, 2014, the FERC issued an order in response to the complaint finding that it is appropriate for NIPSCO to recover, through the multiplier, substantiated costs of ownership related to the TUAs. The FERC set for hearing the issue of what constitutes the incremental costs NIPSCO will incur, but is holding that hearing in abeyance to allow for settlement. NIPSCO will continue to monitor developments in this matter and does not believe the impact is material to the Condensed Consolidated Financial Statements (unaudited).

Sales

Electric Operations sales quantities for the first quarter of 2015 were 4,382.7 gwh, a decrease of 401.3 gwh compared to the first quarter of 2014. The 8.4% decrease is primarily attributable to decreases in sales for resale and industrial usage. The decrease in sales for resale was primarily attributable to increased opportunities for off-system sales during the first quarter of 2014 due to the cold weather. The decrease in industrial usage was primarily attributable to higher internal generation from large industrial customers during the first quarter of 2015.

Net Revenues

Net revenues were \$270.1 million for the first quarter of 2015, an increase of \$0.1 million from the same period in 2014. The increase in net revenues is due primarily to lower fuel handling costs of \$3.5 million and higher net revenues of \$3.2 million as a result of two electric transmission projects authorized by the MISO. Additionally, there were increased trackers, which are offset in expense, of \$2.2 million and a higher return on the environmental capital investment recovery of \$1.6 million due to an increased plant balance eligible for recovery. These increases were partially offset by lower off-system sales of \$8.6 million.

At NIPSCO, sales revenues and customer billings are adjusted for amounts related to under and over-recovered purchased fuel costs from prior periods per regulatory order. These amounts are primarily reflected in the "Other" gross revenues statistic provided at the beginning of this segment discussion. The adjustment to Other gross revenues for the three months ended March 31, 2015 was a revenue decrease of \$22.7 million compared to a revenue increase of \$20.3 million for the three months ended March 31, 2014.

Operating Income

For the first quarter of 2015, Electric Operations reported operating income of \$70.0 million, a decrease of \$8.9 million from the comparable 2014 period. Operating income decreased as a result of higher operating expenses of \$9.0 million due primarily to increased employee and administrative expenses of \$3.0 million, higher environmental expenses of \$2.3 million and increased trackers, which are offset in net revenues, of \$2.2 million.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

NiSource Inc.

For a discussion regarding quantitative and qualitative disclosures about market risk see “Management’s Discussion and Analysis of Financial Condition and Results of Operations - Market Risk Disclosures.”

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

NiSource’s chief executive officer and its principal financial officer, are responsible for evaluating the effectiveness of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)). NiSource's disclosure controls and procedures are designed to provide reasonable assurance that the information required to be disclosed by us in reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including NiSource's chief executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure and is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC. Based upon that evaluation, NiSource's chief executive officer and principal financial officer concluded that, as of the end of the period covered by this report, our disclosure controls and procedures were effective to provide reasonable assurance that financial information was processed, recorded and reported accurately.

Changes in Internal Controls

There have been no changes in NiSource's internal control over financial reporting during the fiscal quarter covered by this report that has materially affected, or is reasonably likely to materially affect, NiSource's internal control over financial reporting.

PART II

ITEM 1. LEGAL PROCEEDINGS

NiSource Inc.

On March 6, 2015, Columbia Transmission and Pike County Conservation District executed a Consent Assessment of Civil Penalty to resolve the NOV issued on August 29, 2014 alleging violations of the Pennsylvania Clean Streams Law and Columbia Transmission's Erosion and Sediment Control General Permit in connection with Columbia Transmission's Line 1278 Replacement Project. Columbia Transmission paid \$171,500 on March 13, 2015 to resolve the allegations of the NOV.

ITEM 1A. RISK FACTORS

There were no material changes from the risk factors disclosed in NiSource's 2014 Annual Report on Form 10-K filed on February 18, 2015.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

NiSource Inc.

- (10.1) Letter Agreement between NiSource Inc. and Donald Brown dated March 17, 2015. **
- (31.1) Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. **
- (31.2) Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. **
- (32.1) Certification of Chief Executive Officer pursuant to 18. U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith). **
- (32.2) Certification of Chief Financial Officer pursuant to 18. U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith). **
- (101.INS) XBRL Instance Document
- (101.SCH) XBRL Schema Document
- (101.CAL) XBRL Calculation Linkbase Document
- (101.LAB) XBRL Labels Linkbase Document
- (101.PRE) XBRL Presentation Linkbase Document
- (101.DEF) XBRL Definition Linkbase Document

** Exhibit filed herewith.

Pursuant to Item 601(b)(4)(iii) of Regulation S-K, NiSource hereby agrees to furnish the SEC, upon request, any instrument defining the rights of holders of long-term debt of NiSource not filed as an exhibit herein. No such instrument authorizes long-term debt securities in excess of 10% of the total assets of NiSource and its subsidiaries on a consolidated basis.

March 17, 2015

Mr. Donald Brown
114 Edgefield Drive
Downingtown, PA 19335

Dear Donald:

On behalf of NiSource Inc., I am pleased to offer you employment as Executive Vice President Finance reporting to Joseph Hamrock, and Executive Vice President and Chief Financial Officer of NiSource, upon appointment by the NiSource Board. Speaking on behalf of our leadership team, we look forward to the contribution you will make to our organization. This letter does not constitute an offer of a contract of guaranteed employment; if you accept this offer, you will be an employee at will. The terms of the offer are as follows.

Position : You will join us as Executive Vice President Finance, beginning April 6, 2015. You will report to Joseph Hamrock. Your work location will be in Columbus, Ohio.

Compensation : Your annual base salary will be \$450,000, payable monthly. Adjustments to base salary may be made periodically during your employment.

Benefits : While you are employed by NiSource Inc., or its subsidiaries (the "Company"), you will be entitled to participate in all benefit plans, including without limitation, any health, life and disability insurance plans, qualified and nonqualified retirement plans, or any other plan or benefit generally afforded to similarly situated executives of NiSource Inc.

Short-Term Incentive : Your annual incentive opportunity under our annual incentive plan will be based on a target of 60% of base salary, with a range of 25% to 95%. The payment of this short-term incentive is dependent upon Company performance, your own performance and your status as an employee in good standing. Actual payment may be greater than or less than the 60%, based on a combination of the stated factors. Annual incentive plans are determined each year based on business objectives and market conditions.

Signing Bonus : You will receive a signing bonus in the gross amount of \$75,000. This signing bonus will be paid within 30 days of your start date. You agree to repay this signing bonus to the Company in the event you choose to leave the Company before April 6, 2016.

Long-Term Incentive : You will also have the opportunity to participate in a long-term incentive compensation program, under the 2010 Omnibus Incentive Plan, on the same basis as other senior executives of the Company. Subject to approval by the Officer Nomination and Compensation Committee of the Board, you will receive a long-term incentive grant for 2015 in the amount of \$750,000. One hundred percent of the value of this award will be in restricted stock units, vesting in the first quarter of 2018.

Special Stock Grant: To compensate you for the loss of a portion of your incentive awards from your prior employer, you will also receive a grant of restricted stock units pursuant to the 2010 Omnibus Incentive Plan. The number of shares to be granted will be determined by dividing \$510,000 by the fair market value of one common share of NiSource Inc. on the date of grant. Vesting of the restricted stock shall be based solely on the passage of time. The restricted stock shall vest 1/3 increment on the first anniversary of your employment, and the final 2/3 increment will vest on the second anniversary of your employment.

Relocation: As a member of our Senior Management Team, you will be eligible to participate in the NiSource Relocation Policy at the Tier III Managerial Level (the executive level). The effective date of your relocation will be determined at a later date.

Vacation: You will receive four weeks of paid vacation per year.

Change in Control: Subject to approval by the Officer Nomination and Compensation Committee of the Board, NiSource Inc. will enter into a Change in Control Agreement with you on substantially the same terms as other senior executives of the Company.

Severance: You will be eligible to participate in the NiSource Executive Severance Policy in the event your employment with the Company is terminated.

NiSource Policies. You are expected to familiarize yourself with and observe all Company policies. Following your acceptance of this offer and during the course of your employment with the Company, you will have access to confidential and proprietary information of the Company. You agree to maintain the confidentiality of such information, before, during and after your employment.

Dispute Resolution: Should there be any dispute as to the meaning or application of this letter, both parties agree to submit the dispute to nonbinding mediation at the Company's expense. In the event the parties are unable to resolve the dispute through mediation, they agree to submit the dispute to binding arbitration under the standard employment rules of the American Arbitration Association. This letter shall be construed in accordance with the laws of the State of Ohio.

Your employment is contingent upon passing a drug screen, and completion of formal reference checking, which includes a background check of previous employment, military and driving history, professional references, and any criminal record.

I hope that you accept the Company's offer of employment. To acknowledge your acceptance, please sign and return one copy of this letter to me. We are truly delighted with your interest in working with us. Please feel free to contact me to discuss any questions you may have. We look forward to you joining us.

Sincerely,

/s/ Robert D. Campbell

Robert D. Campbell
Sr. Vice President
Human Resources

/s/ Donald Brown

Donald Brown

3/17/2015

Date

**Certification Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002**

I, Robert C. Skaggs, Jr., certify that:

1. I have reviewed this Quarterly Report of NiSource Inc. on Form 10-Q for the quarter ended March 31, 2015 ;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 30, 2015

By:

/s/ Robert C. Skaggs, Jr.

Robert C. Skaggs, Jr.
Chief Executive Officer

**Certification Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002**

I, Stephen P. Smith, certify that:

1. I have reviewed this Quarterly Report of NiSource Inc. on Form 10-Q for the quarter ended March 31, 2015 ;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 30, 2015

By:

/s/ Stephen P. Smith

Stephen P. Smith
Executive Vice President and Chief
Financial Officer

**Certification Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report of NiSource Inc. (the "Company") on Form 10-Q for the quarter ending March 31, 2015 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Robert C. Skaggs, Jr., Chief Executive Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Robert C. Skaggs, Jr.

Robert C. Skaggs, Jr.
Chief Executive Officer

Date: April 30, 2015

**Certification Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report of NiSource Inc. (the "Company") on Form 10-Q for the quarter ending March 31, 2015 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Stephen P. Smith, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Stephen P. Smith

Stephen P. Smith
Executive Vice President and Chief Financial Officer

Date: April 30, 2015

NISOURCE INC/DE

FORM 10-Q (Quarterly Report)

Filed 08/03/15 for the Period Ending 06/30/15

Address	801 EAST 86TH AVE MERRILLVILLE, IN 46410-6272
Telephone	2196475200
CIK	0001111711
Symbol	NI
Fiscal Year	12/31

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2015

or

- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 001-16189

NiSource Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

35-2108964

(I.R.S. Employer
Identification No.)

801 East 86th Avenue
Merrillville, Indiana

(Address of principal executive offices)

46410

(zip Code)

(877) 647-5990

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files.)

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: Common Stock, 0.01 Par Value:
317,859,139 shares outstanding at July 30, 2015 .

NISOURCE INC.
FORM 10-Q QUARTERLY REPORT
FOR THE QUARTER ENDED JUNE 30, 2015

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DEFINED TERMS

The following is a list of frequently used abbreviations or acronyms that are found in this report:

NiSource Subsidiaries and Affiliates

Capital Markets	NiSource Capital Markets, Inc.
CER	Columbia Energy Resources, Inc.
CEVCO	Columbia Energy Ventures, LLC
CGORC	Columbia Gas of Ohio Receivables Corporation
Columbia	Columbia Energy Group
Columbia Gulf	Columbia Gulf Transmission Company, LLC
Columbia Midstream	Columbia Midstream Group, LLC
Columbia of Kentucky	Columbia Gas of Kentucky, Inc.
Columbia of Maryland	Columbia Gas of Maryland, Inc.
Columbia of Massachusetts	Bay State Gas Company
Columbia of Ohio	Columbia Gas of Ohio, Inc.
Columbia OpCo	CPG OpCo LP
Columbia of Pennsylvania	Columbia Gas of Pennsylvania, Inc.
Columbia of Virginia	Columbia Gas of Virginia, Inc.
Columbia Transmission	Columbia Gas Transmission, LLC
CPG	Columbia Pipeline Group, Inc.
CPPL	Columbia Pipeline Partners LP
CPRC	Columbia Gas of Pennsylvania Receivables Corporation
Crossroads Pipeline	Crossroads Pipeline Company
Hardy Storage	Hardy Storage Company, LLC
Millennium	Millennium Pipeline Company, L.L.C.
NARC	NIPSCO Accounts Receivable Corporation
NDC Douglas Properties	NDC Douglas Properties, Inc.
NIPSCO	Northern Indiana Public Service Company
NiSource	NiSource Inc.
NiSource Corporate Services	NiSource Corporate Services Company
NiSource Development Company	NiSource Development Company, Inc.
NiSource Finance	NiSource Finance Corp.
Pennant	Pennant Midstream, LLC

Abbreviations and Other

AFUDC	Allowance for funds used during construction
AOC	Administrative Order by Consent
AOI	Accumulated Other Comprehensive Income (Loss)
ASU	Accounting Standards Update
BBA	British Banker Association
Bcf	Billion cubic feet
BNS	Bank of Nova Scotia
BTMU	The Bank of Tokyo-Mitsubishi UFJ, LTD.
BTU	British Thermal Unit
CAA	Clean Air Act
CAIR	Clean Air Interstate Rule

DEFINED TERMS (continued)

CAMR	Clean Air Mercury Rule
CCRs	Coal Combustion Residuals
CCRM	Capital Cost Recovery Mechanism
CERCLA	Comprehensive Environmental Response Compensation and Liability Act (also known as Superfund)
CO ₂	Carbon Dioxide
DEP	Department of Environmental Protection
DIMP	Distribution Integrity Management Program
DPU	Department of Public Utilities
DSM	Demand Side Management
Dth	Dekatherm
Dth/d	Dekatherm per day
ECR	Environmental Cost Recovery
ECRM	Environmental Cost Recovery Mechanism
ECT	Environmental Cost Tracker
EERM	Environmental Expense Recovery Mechanism
EPA	United States Environmental Protection Agency
EPS	Earnings per share
FAC	Fuel adjustment clause
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
FGD	Flue Gas Desulfurization
FTRs	Financial Transmission Rights
GAAP	Generally Accepted Accounting Principles
GAF	Gas Adjustment Factor
GCIM	Gas Cost Incentive Mechanism
GCR	Gas cost recovery
GHG	Greenhouse gases
gwh	Gigawatt hours
Hilcorp	Hilcorp Energy Company
hp	Horsepower
IDEM	Indiana Department of Environmental Management
IPO	Initial Public Offering
INDIEC	Indiana Industrial Energy Consumers, Inc.
IRP	Infrastructure Replacement Program
IURC	Indiana Utility Regulatory Commission
kV	Kilovolt
LDAF	Local Distribution Adjustment Factor
LDCs	Local distribution companies
LIBOR	London InterBank Offered Rate
LIFO	Last-in, first-out
LNG	Liquefied Natural Gas
MATS	Mercury and Air Toxics Standards
Mcf	Thousand cubic feet

DEFINED TERMS (continued)

MMcf	Million cubic feet
MGP	Manufactured Gas Plant
MISO	Midcontinent Independent System Operator
Mizuho	Mizuho Corporate Bank Ltd.
MLP	Master Limited Partnership
MMDth	Million dekatherms
mw	Megawatts
mwh	Megawatt hours
NAAQS	National Ambient Air Quality Standards
NGL	Natural Gas Liquids
NOV	Notice of Violation
NO ₂	Nitrogen dioxide
NO _x	Nitrogen oxide
NYMEX	New York Mercantile Exchange
OCI	Other Comprehensive Income (Loss)
OPEB	Other Postretirement Benefits
OUC	Indiana Office of Utility Consumer Counselor
PEF	Pension Expense Factor
Piedmont	Piedmont Natural Gas Company, Inc.
PM	Particulate matter
PNC	PNC Bank, N.A.
Separation	The separation of NiSource's natural gas pipeline, midstream and storage business from NiSource's natural gas and electric utility business accomplished through the pro rata distribution by NiSource to holders of its outstanding common stock of all the outstanding shares of common stock of CPG. The Separation was completed on July 1, 2015.
ppb	Parts per billion
PSC	Public Service Commission
PUC	Public Utility Commission
PUCO	Public Utilities Commission of Ohio
RA	Resource Adequacy
RAAF	Residential Assistance Adjustment Factor
RACT	Reasonably Available Control Technology
RBS	Royal Bank of Scotland, PLC
RTO	Regional Transmission Organization
SAVE	Steps to Advance Virginia's Energy
SEC	Securities and Exchange Commission
SIP	State Implementation Plan
SO ₂	Sulfur dioxide
TDSIC	Transmission, Distribution and Storage System Improvement Charge
TIRF	Targeted Infrastructure Reinvestment Factor
TUAs	Transmission Upgrade Agreements
VIE	Variable Interest Entities
VSCC	Virginia State Corporation Commission

PART I

ITEM 1. FINANCIAL STATEMENTS

NiSource Inc. Condensed Statements of Consolidated (Loss) Income (unaudited)

<i>(in millions, except per share amounts)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Net Revenues				
Gas Distribution	\$ 305.9	423.5	\$ 1,386.6	1,638.5
Gas Transportation and Storage	427.4	390.1	1,055.4	968.6
Electric	375.6	404.8	770.3	854.8
Other	60.1	116.7	106.4	193.7
Gross Revenues	1,169.0	1,335.1	3,318.7	3,655.6
Cost of Sales (excluding depreciation and amortization)	218.6	371.7	1,024.6	1,433.0
Total Net Revenues	950.4	963.4	2,294.1	2,222.6
Operating Expenses				
Operation and maintenance	561.0	533.1	1,135.1	1,034.3
Depreciation and amortization	167.4	149.1	324.9	297.8
Gain on sale of assets	(8.5)	(0.7)	(13.5)	(16.4)
Other taxes	79.1	73.4	181.5	174.5
Total Operating Expenses	799.0	754.9	1,628.0	1,490.2
Equity Earnings in Unconsolidated Affiliates	13.7	11.1	29.1	20.9
Operating Income	165.1	219.6	695.2	753.3
Other Income (Deductions)				
Interest expense, net	(117.1)	(109.1)	(228.1)	(218.2)
Other, net	6.5	7.5	13.6	12.0
Loss on early extinguishment of long-term debt	(97.2)		(97.2)	
Total Other Deductions	(207.8)	(101.6)	(311.7)	(206.2)
(Loss) Income from Continuing Operations before Income Taxes	(42.7)	118.0	383.5	547.1
Income Taxes	(15.3)	39.5	135.6	202.2
(Loss) Income from Continuing Operations	(27.4)	78.5	247.9	344.9
Loss from Discontinued Operations - net of taxes	(0.3)	(0.3)	(0.3)	(0.5)
Net (Loss) Income	(27.7)	78.2	247.6	344.4
Less: Net income attributable to noncontrolling interest	8.7		15.6	
Net (Loss) Income attributable to NiSource	\$ (36.4)	78.2	\$ 232.0	344.4
Amounts attributable to NiSource:				
(Loss) Income from continuing operations	\$ (36.1)	78.5	\$ 232.3	344.9
Loss from discontinued operations	(0.3)	(0.3)	(0.3)	(0.5)
Net (Loss) Income attributable to NiSource	\$ (36.4)	78.2	\$ 232.0	344.4
Basic (Loss) Earnings Per Share				
Continuing operations	\$ (0.11)	0.25	\$ 0.73	1.10
Discontinued operations	—		—	
Basic (Loss) Earnings Per Share	\$ (0.11)	0.25	\$ 0.73	1.10
Diluted (Loss) Earnings Per Share				
Continuing operations	\$ (0.11)	0.25	\$ 0.73	1.09
Discontinued operations	—		—	
Diluted (Loss) Earnings Per Share	\$ (0.11)	0.25	\$ 0.73	1.09
Dividends Declared Per Common Share	\$ —	0.26	\$ 0.52	0.76
Basic Average Common Shares Outstanding	317.5	315.0	317.0	314.6
Diluted Average Common Shares	317.5	316.1	318.0	315.7

The accompanying Notes to Condensed Consolidated Financial Statements (unaudited) are an integral part of these statements.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Condensed Statements of Consolidated Comprehensive (Loss) Income (unaudited)

<i>(in millions, net of taxes)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Net (Loss) Income	\$ (27.7)	78.2	\$ 247.6	344.4
Other comprehensive (loss) income				
Net unrealized (loss) gain on available-for-sale securities ⁽¹⁾	(1.2)	0.5	(0.3)	0.8
Net unrealized gain on cash flow hedges ⁽²⁾	0.7	0.7	1.6	1.3
Unrecognized pension and OPEB benefit (cost) ⁽³⁾	2.7	(0.1)	2.9	0.1
Total other comprehensive income	2.2	1.1	4.2	2.2
Comprehensive (Loss) Income	\$ (25.5)	79.3	\$ 251.8	346.6
Less: Comprehensive income attributable to noncontrolling interest	8.7		15.6	
Comprehensive (Loss) Income attributable to NiSource	\$ (34.2)	79.3	\$ 236.2	346.6

⁽¹⁾Net unrealized (loss) gain on available-for-sale securities, net of 0.7 million tax benefit and 0.2 million tax expense in the second quarter of 2015 and 2014, respectively, and 0.2 million tax benefit and 0.4 million tax expense for the first six months of 2015 and 2014, respectively.

⁽²⁾Net unrealized gains on derivatives qualifying as cash flow hedges, net of 0.5 million and 0.4 million tax expense in the second quarter of 2015 and 2014, respectively, and 0.9 million and 0.8 million tax expense for the first six months of 2015 and 2014, respectively.

⁽³⁾Unrecognized pension and OPEB benefit (cost), net of 2.3 million tax expense and 0.7 million tax benefit in the second quarter of 2015 and 2014, respectively, and 2.2 million and 0.7 million tax expense for the first six months of 2015 and 2014, respectively.

The accompanying Notes to Condensed Consolidated Financial Statements (unaudited) are an integral part of these statements.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Condensed Consolidated Balance Sheets (unaudited)

<i>(in millions)</i>	June 30, 2015	December 31, 2014
ASSETS		
Property, Plant and Equipment		
Utility plant	\$ 26,225.2	25,234.8
Accumulated depreciation and amortization	(9,718.8)	(9,578.6)
Net utility plant	16,506.4	15,656.2
Other property, at cost, less accumulated depreciation	401.9	360.9
Net Property, Plant and Equipment	16,908.3	16,017.1
Investments and Other Assets		
Unconsolidated affiliates	452.3	452.6
Other investments	200.7	210.4
Total Investments and Other Assets	653.0	663.0
Current Assets		
Cash and cash equivalents	496.6	25.4
Restricted cash	25.2	24.9
Accounts receivable (less reserve of 38.1 and 25.2, respectively)	672.7	1,070.1
Gas inventory	259.2	445.1
Underrecovered gas costs	3.5	32.0
Materials and supplies, at average cost	112.4	106.0
Electric production fuel, at average cost	96.5	64.8
Exchange gas receivable	57.1	63.1
Regulatory assets	175.5	193.5
Deferred income taxes	303.8	272.1
Prepayments and other	133.2	169.5
Total Current Assets	2,335.7	2,466.5
Other Assets		
Regulatory assets	1,673.7	1,696.4
Goodwill	3,666.2	3,666.2
Intangible assets	258.4	264.7
Deferred charges and other	111.6	92.4
Total Other Assets	5,709.9	5,719.7
Total Assets	\$ 25,606.9	24,866.3

The accompanying Notes to Condensed Consolidated Financial Statements (unaudited) are an integral part of these statements.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Condensed Consolidated Balance Sheets (unaudited) (continued)

<i>(in millions, except share amounts)</i>	June 30, 2015	December 31, 2014
CAPITALIZATION AND LIABILITIES		
Capitalization		
NiSource Common Stockholders' Equity		
Common stock - 0.01 par value, 400,000,000 shares authorized; 317,668,149 and 316,037,421 shares outstanding, respectively	\$ 3.2	3.2
Additional paid-in capital	5,065.1	4,787.6
Retained earnings	1,561.1	1,494.0
Accumulated other comprehensive loss	(44.4)	(50.6)
Treasury stock	(79.1)	(58.9)
Total NiSource Common Stockholders' Equity	6,505.9	6,175.3
Noncontrolling interest in consolidated subsidiaries	950.0	
Total Equity	7,455.9	6,175.3
Long-term debt, excluding amounts due within one year	8,881.1	8,155.9
Total Capitalization	16,337.0	14,331.2
Current Liabilities		
Current portion of long-term debt	442.6	266.6
Short-term borrowings	161.8	1,576.9
Accounts payable	429.2	670.6
Customer deposits and credits	206.9	294.3
Taxes accrued	221.5	266.7
Interest accrued	141.6	140.7
Overrecovered gas and fuel costs	198.6	45.6
Exchange gas payable	63.9	136.2
Deferred revenue	21.6	25.6
Regulatory liabilities	136.1	62.4
Accrued capital expenditures	146.3	61.1
Accrued liability for postretirement and postemployment benefits	5.9	5.9
Legal and environmental	34.5	24.2
Other accruals	313.8	378.1
Total Current Liabilities	2,524.3	3,954.9
Other Liabilities and Deferred Credits		
Deferred income taxes	3,822.6	3,661.6
Deferred investment tax credits	16.1	17.3
Deferred credits	105.1	101.1
Accrued liability for postretirement and postemployment benefits	633.9	675.9
Regulatory liabilities	1,692.6	1,673.8
Asset retirement obligations	204.7	159.4
Other noncurrent liabilities	270.6	291.1
Total Other Liabilities and Deferred Credits	6,745.6	6,580.2
Commitments and Contingencies (Refer to Note 17)		
	—	
Total Capitalization and Liabilities	\$ 25,606.9	24,866.3

The accompanying Notes to Condensed Consolidated Financial Statements (unaudited) are an integral part of these statements.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Condensed Statements of Consolidated Cash Flows (unaudited)

Six Months Ended June 30, (in millions)	2015	2014
Operating Activities		
Net Income	\$ 247.6	344.4
Adjustments to Reconcile Net Income to Net Cash from Continuing Operations:		
Loss on early extinguishment of debt	97.2	
Depreciation and amortization	324.9	297.8
Net changes in price risk management assets and liabilities	0.1	1.4
Deferred income taxes and investment tax credits	119.2	186.8
Deferred revenue	6.8	1.6
Stock compensation expense and 401(k) profit sharing contribution	33.4	27.9
Gain on sale of assets	(13.5)	(16.4)
Income from unconsolidated affiliates	(28.4)	(20.6)
Loss from discontinued operations - net of taxes	0.3	0.5
Amortization of debt related costs	5.4	5.1
AFUDC equity	(13.3)	(9.2)
Distributions of earnings received from equity investees	27.9	12.9
Changes in Assets and Liabilities		
Accounts receivable	385.6	176.4
Income tax receivable	(0.2)	1.0
Inventories	146.8	28.2
Accounts payable	(249.6)	(170.3)
Customer deposits and credits	(114.8)	(20.9)
Taxes accrued	(44.7)	(43.2)
Interest accrued	0.9	5.5
Over (Under) recovered gas and fuel costs	181.5	(11.6)
Exchange gas receivable/payable	(66.2)	(112.3)
Other accruals	(69.8)	(47.6)
Prepayments and other current assets	36.7	43.0
Regulatory assets/liabilities	125.4	14.8
Postretirement and postemployment benefits	(41.5)	(61.8)
Deferred credits	3.7	11.1
Deferred charges and other noncurrent assets	2.3	(0.3)
Other noncurrent liabilities	12.0	7.8
Net Operating Activities from Continuing Operations	1,115.7	652.0
Net Operating Activities used for Discontinued Operations	(0.1)	(1.0)
Net Cash Flows from Operating Activities	1,115.6	651.0
Investing Activities		
Capital expenditures	(991.1)	(852.9)
Insurance recoveries	2.1	6.8
Proceeds from disposition of assets	16.7	6.2
Restricted cash deposits	(0.3)	(1.8)
Distributions from (contributions to) equity investees	2.2	(54.8)
Other investing activities	(23.4)	(1.1)
Net Cash Flows used for Investing Activities	(993.8)	(897.6)
Financing Activities		
Issuance of common units of CPPL, net of issuance costs	1,168.4	
Issuance of long-term debt	2,745.9	
Repayments of long-term debt and capital lease obligations	(1,856.4)	(13.3)

Premiums and other debt related costs	(116.0)	
Change in short-term borrowings, net	(1,415.1)	402.4
Issuance of common stock	12.4	16.1
Acquisition of treasury stock	(20.2)	(10.2)
Distributions to noncontrolling interest	(4.9)	
Dividends paid - common stock	(164.7)	(157.2)
Net Cash Flows from Financing Activities	349.4	237.8
Change in cash and cash equivalents from (used for) continuing operations	471.3	(7.8)
Change in cash and cash equivalents used for discontinued operations	(0.1)	(1.0)
Cash and cash equivalents at beginning of period	25.4	26.8
Cash and Cash Equivalents at End of Period	\$ 496.6	18.0

The accompanying Notes to Condensed Consolidated Financial Statements (unaudited) are an integral part of these statements.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Condensed Statement of Consolidated Equity (unaudited)

<i>(in millions)</i>	Common Stock	Treasury Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income/(Loss)	Noncontrolling Interest in Consolidated Subsidiaries	Total
Balance as of January 1, 2015	\$ 3.2	\$ (58.9)	\$ 4,787.6	\$ 1,494.0	\$ (50.6)	\$ —	\$ 6,175.3
Comprehensive Income:							
Net Income				232.0		15.6	247.6
Other comprehensive income, net of tax					4.2		4.2
Allocation of AOCI to noncontrolling interest					2.0	(2.0)	
Common stock dividends (0.52 per share)				(164.9)			(164.9)
Treasury stock acquired		(20.2)					(20.2)
Distribution to noncontrolling interest (0.09 per unit)						(4.9)	(4.9)
Issued:							
Common units of CPPL						1,168.4	1,168.4
Employee stock purchase plan			2.6				2.6
Long-term incentive plan			13.2				13.2
401(k) and profit sharing issuance			30.8				30.8
Dividend reinvestment plan			3.8				3.8
Sale of interest in Columbia OpCo to CPPL ⁽¹⁾			227.1			(227.1)	
Balance as of June 30, 2015	\$ 3.2	\$ (79.1)	\$ 5,065.1	\$ 1,561.1	\$ (44.4)	\$ 950.0	\$ 7,455.9

⁽¹⁾ Represents the purchase of an additional 8.4% limited partner interest in Columbia OpCo, recorded at the historical carrying value of Columbia OpCo's net assets after giving effect to the 1,168.4 million equity contribution.

The accompanying Notes to Condensed Consolidated Financial Statements (unaudited) are an integral part of these statements.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited)

1. Basis of Accounting Presentation

The accompanying Condensed Consolidated Financial Statements (unaudited) for NiSource Inc. ("NiSource" or the "Company") reflect all normal recurring adjustments that are necessary, in the opinion of management, to present fairly the results of operations in accordance with GAAP in the United States of America. The accompanying financial statements contain the accounts of the Company and its majority-owned or controlled subsidiaries, including Columbia Pipeline Group, Inc. ("CPG"). Refer to Note 21 for further information regarding the Separation of CPG from the Company, which was completed on July 1, 2015. Beginning with NiSource's quarterly Report on Form 10- for the three and nine months ended September 30, 2015, CPG will be reported as discontinued operations.

The accompanying financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in NiSource's Annual Report on Form 10-K for the fiscal year ended December 31, 2014 . Income for interim periods may not be indicative of results for the calendar year due to weather variations and other factors.

The Condensed Consolidated Financial Statements (unaudited) have been prepared pursuant to the rules and regulations of the SEC. Certain information and note disclosures normally included in annual financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to those rules and regulations, although NiSource believes that the disclosures made in this quarterly report on Form 10- are adequate to make the information herein not misleading.

2. Recent Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)* . ASU 2014-09 outlines a single, comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In July 2015, the FASB deferred the effective date for ASU 2014-09 to annual reporting periods beginning after December 15, 2017, including interim periods. Companies are permitted to adopt ASU 2014-09 on the original effective date of the ASU. NiSource is currently evaluating the impact the adoption of ASU 2014-09 will have on its Condensed Consolidated Financial Statements (unaudited) or Notes to Condensed Consolidated Financial Statements (unaudited).

In April 2015, the FASB issued ASU 2015-05, *Intangibles - Goodwill and Other-Internal-Use Software (Subtopic 350-40): Customer's Accounting for Fees Paid in a Cloud Computing Arrangement*. ASU 2015-05 clarifies guidance on determining whether a cloud computing arrangement contains a software license that should be accounted for as internal-use software. NiSource is required to adopt ASU 2015-05 for periods beginning after December 15, 2015, including interim periods, and the guidance is permitted to be applied either (1) prospectively to all agreements entered into or materially modified after the effective date or (2) retrospectively, with early adoption permitted. NiSource is currently evaluating the impact the adoption of ASU 2015-05 will have on the Condensed Consolidated Financial Statements (unaudited) or Notes to Condensed Consolidated Financial Statements (unaudited).

In April 2015, the FASB issued ASU 2015-03, *Interest - Imputation of Interest (Subtopic 835-30) : Simplifying the Presentation of Debt Issuance Costs* . ASU 2015-03 changes the way entities present debt issuance costs in financial statements by presenting issuance costs on the balance sheet as a direct deduction from the related debt liability rather than as a deferred charge. Amortization of these costs will continue to be reported as interest expense. NiSource is required to adopt ASU 2015-03 for periods beginning after December 15, 2015, including interim periods, and the guidance is to be applied retrospectively with early adoption permitted. NiSource is currently evaluating the impact the adoption of ASU 2015-03 will have on the Condensed Consolidated Financial Statements (unaudited) or Notes to Condensed Consolidated Financial Statements (unaudited).

In February 2015, the FASB issued ASU 2015-02, *Consolidation (Topic 810): Amendments to the Consolidation Analysis* . ASU 2015-02 amends consolidation guidance by including changes to the variable and voting interest models used by entities to evaluate whether an entity should be consolidated. NiSource is required to adopt ASU 2015-02 for periods beginning after December 15, 2015, including interim periods, and the guidance is to be applied retrospectively or using a modified retrospective approach, with early adoption permitted. NiSource is currently evaluating the impact the adoption of ASU 2015-02 will have on the Condensed Consolidated Financial Statements (unaudited) or Notes to Condensed Consolidated Financial Statements (unaudited).

[Table of Contents](#)ITEM 1. FINANCIAL STATEMENTS (continued)**NiSource Inc.****Notes to Condensed Consolidated Financial Statements (unaudited) (continued)****3. Columbia Pipeline Partners LP (CPPL)**

On December 5, 2007, NiSource formed CPPL (the "Partnership") (NYSE: CPPL) to own, operate and develop a portfolio of pipelines, storage and related assets.

On February 11, 2015, CPPL completed its IPO of 53.8 million common units representing limited partnership interests, constituting 53.5% of the Partnership's outstanding limited partnership interests. The Partnership received 1,168.4 million of net proceeds from the IPO. NiSource, through CPG, owned the general partner of the Partnership, all of the Partnership's subordinated units and the incentive distribution rights. The assets of the Partnership consist of a 15.7 percent limited partner interest in Columbia OpCo, which consists of substantially all of the Columbia Pipeline Group Operations segment. The operations of the Partnership are consolidated in NiSource's financial statements for the three and six months ended June 30, 2015. Beginning July 1, 2015, CPG is no longer a subsidiary of NiSource and, thus, NiSource ceased to own (a) any interest in Columbia OpCo, (b) the general partner of the Partnership, (c) any of the limited partner interests in the Partnership or (d) any of the incentive distribution rights in the Partnership. As of June 30, 2015, the portion of CPPL owned by the public is reflected as a noncontrolling interest in the Condensed Consolidated Financial Statements (unaudited).

The table below summarizes the effects of the changes in NiSource's ownership interest in Columbia OpCo on equity for the three and six months ended June 30, 2015:

<i>(in millions)</i>	Three Months Ended June 30, 2015	Six Months Ended June 30, 2015
Net (loss) income attributable to NiSource	\$ (36.4)	\$ 232.0
Increase in NiSource's paid-in capital for the sale of 8.4% of Columbia OpCo	—	227.1
Change from net (loss) income attributable to NiSource and transfers to noncontrolling interest	\$ (36.4)	\$ 459.1

The Partnership maintains a 500.0 million revolving credit facility, of which 50.0 million is available for issuance of letters of credit. The purpose of the facility is to provide cash for general partnership purposes, including working capital, capital expenditures and the funding of capital calls. At June 30, 2015, CPPL had 20.0 million of outstanding borrowings under this facility.

4. Earnings Per Share

Basic EPS is computed by dividing net income attributable to NiSource by the weighted-average number of shares of common stock outstanding for the period. The weighted average shares outstanding for diluted EPS includes the incremental effects of the various long-term incentive compensation plans. The numerator in calculating both basic and diluted EPS for each period is reported net income attributable to NiSource. The computation of diluted average common shares for the three months ended June 30, 2015 is not presented since NiSource had a loss from continuing operations and a net loss on the Condensed Statements of Consolidated (Loss) Income (unaudited) during the period and any incremental shares would have an antidilutive effect on EPS. The computation of diluted average common shares follows:

<i>(in thousands)</i>	Three Months Ended June 30, 2014	2015	Six Months Ended June 30, 2014
Denominator			
Basic average common shares outstanding	315,013	317,035	314,620
Dilutive potential common shares:			
Stock options	41	—	39
Shares contingently issuable under employee stock plans	616	513	580
Shares restricted under stock plans	431	483	427
Diluted Average Common Shares	316,101	318,031	315,666

[Table of Contents](#)ITEM 1. FINANCIAL STATEMENTS (continued)**NiSource Inc.****Notes to Condensed Consolidated Financial Statements (unaudited) (continued)****5. Gas in Storage**

Both the LIFO inventory methodology and the weighted average cost methodology are used to value natural gas in storage. Gas Distribution Operations price natural gas storage injections at the average of the costs of natural gas supply purchased during the year. For interim periods, the difference between current projected replacement cost and the LIFO cost for quantities of gas temporarily withdrawn from storage is recorded as a temporary LIFO liquidation credit or debit within the Condensed Consolidated Balance Sheets (unaudited). Due to seasonality requirements, NiSource expects interim variances in LIFO layers to be replenished by year-end. NiSource had a temporary LIFO liquidation debit of 9.8 million and zero as of June 30, 2015 and December 31, 2014, respectively, for certain gas distribution companies recorded within "Prepayments and other," on the Condensed Consolidated Balance Sheets (unaudited).

6. Asset Retirement Obligations

Certain costs of removal that have been, and continue to be, included in depreciation rates and collected in the service rates of the rate-regulated subsidiaries are classified as "Regulatory liabilities" on the Condensed Consolidated Balance Sheets (unaudited).

Changes in NiSource's liability for asset retirement obligations for the six months ended June 30, 2015 and 2014 are presented in the table below:

<i>(in millions)</i>	2015	2014
Balance as of January 1,	\$ 159.4	174.4
Accretion expense	0.6	0.8
Accretion recorded as a regulatory asset/liability	3.9	4.2
Additions	7.6	3.0
Settlements	(1.2)	(1.0)
Change in estimated cash flows ⁽¹⁾	34.4	(3.4)
Balance as of June 30,	\$ 204.7	178.0

⁽¹⁾ The change in estimated cash flows is primarily attributable to estimated costs to comply with the EPA's final rule for regulation of CCRs and changes to cost estimates for certain solid waste management units. Refer to Note 17-C for additional information on CCRs.

7. Regulatory MattersGas Distribution Operations Regulatory Matters

Significant Rate Developments . On November 25, 2014, Columbia of Ohio filed a Notice of Intent to file an application to adjust rates associated with its IRP and DSM Riders. Columbia of Ohio filed its Application on February 27, 2015, and requested authority to increase revenues by 24.7 million . On March 26, 2015, PUCO Staff filed Comments recommending that the PUCO approve Columbia of Ohio's application in full. On April 22, 2015, the PUCO issued an Order that approved Columbia of Ohio's application. New rates went into effect on May 1, 2015.

On March 19, 2015, Columbia of Pennsylvania filed a base rate case with the Pennsylvania PUC, seeking a revenue increase of 46.2 million annually. The case is driven by Columbia of Pennsylvania's capital investment program which exceeds 197.0 million in 2015 and 211.0 million in 2016 as well as costs to train and comply with pipeline safety-related operation and maintenance expenditures. Columbia of Pennsylvania's request for rate relief includes the recovery of costs that are projected to be incurred after the implementation of new rates, as authorized by the Pennsylvania General Assembly with the passage of Act 11 of 2012. New rates are expected to go into effect during the fourth quarter of 2015.

On May 1, 2015, Columbia of Massachusetts filed its 2015 TIRF compliance filing for recovery of calendar year 2014 eligible facilities requesting recovery of a revenue requirement of 13.9 million effective November 1, 2015. If approved, the 2015 TIRF would terminate on March 1, 2016 concurrent with the effective date of the new distribution rates in Columbia of Massachusetts' currently pending rate case.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

On April 16, 2015, Columbia of Massachusetts filed a base rate case with the Massachusetts DPU. The case, which seeks increased annual revenues of approximately 49.0 million, is designed to support the company's continued focus on providing safe and reliable service in compliance with increasing state and federal regulations and oversight, and recovery of associated increased operations and maintenance costs. Columbia of Massachusetts has arrived at a settlement agreement in principle with the Attorney General in the case. The settlement agreement is expected to be finalized and filed for approval with the Massachusetts DPU in August 2015.

On April 30, 2014, Columbia of Virginia filed a base rate case with the VSCC seeking an annual revenue increase of 31.8 million. On December 10, 2014, Columbia of Virginia presented at hearing a Stipulation and Proposed Recommendation ("Stipulation") executed by certain parties to the rate proceeding. The Stipulation includes a base revenue increase of 25.2 million, recovery of costs related to the implementation of pipeline safety programs, and the proposed change to thermal billing. On January 13, 2015, the Hearing Examiner issued a report that recommended that the VSCC approve the Stipulation. On March 30, 2015, the VSCC issued an Order Remanding for Further Action. In the Order, the VSCC found the revenue increase of 25.2 million contained in the Stipulation reasonable. However, the VSCC remanded back to the Hearing Examiner for further proceedings the manner in which fixed costs are to be assigned to the fixed customer charges of each rate class. Following a hearing on June 3, 2015, the Hearing Examiner issued a report on June 30, 2015 recommending specific customer charges for each rate class. VSCC action on the report is pending, and a final order is expected by the end of 2015.

Cost Recovery and Trackers. A significant portion of the distribution companies' revenue is related to the recovery of gas costs, the review and recovery of which occurs via standard regulatory proceedings. All states require periodic review of actual gas procurement activity to determine prudence and to permit the recovery of prudently incurred costs related to the supply of gas for customers. NiSource distribution companies have historically been found prudent in the procurement of gas supplies to serve customers.

Certain operating costs of the NiSource distribution companies are significant, recurring in nature, and generally outside the control of the distribution companies. Some states allow the recovery of such costs via cost tracking mechanisms. Such tracking mechanisms allow for abbreviated regulatory proceedings in order for the distribution companies to implement charges and recover appropriate costs. Tracking mechanisms allow for more timely recovery of such costs as compared with more traditional cost recovery mechanisms. Examples of such tracking mechanisms include GCR adjustment mechanisms, tax riders and bad debt recovery mechanisms.

Comparability of Gas Distribution Operations line item operating results is impacted by regulatory trackers that allow for the recovery in rates of certain costs such as bad debt expense. Increases in the expenses that are the subject of trackers, result in a corresponding increase in net revenues and therefore have essentially no impact on total operating income results.

Certain of the NiSource distribution companies have completed rate proceedings involving infrastructure replacement or are embarking upon regulatory initiatives to replace significant portions of their operating systems that are nearing the end of their useful lives. Each LDC's approach to cost recovery may be unique, given the different laws, regulations and precedent that exist in each jurisdiction.

NIPSCO has approval from the IURC to recover certain costs for gas transmission, distribution and storage system improvements. On February 27, 2015, NIPSCO filed gas TDSIC-2 which included 43.3 million of net capital expenditures for the period ended December 31, 2014. Given the Indiana Court of Appeals decision in NIPSCO's electric TDSIC filing (for further information, see "Electric Operations Regulatory Matters" below), NIPSCO elected to dismiss its TDSIC-2 filing in favor of supplying further detailed plan updates in the next proceeding, TDSIC-3, which NIPSCO expects to file by September 1, 2015. The TDSIC-3 filing will include net capital expenditures for the period ended June 30, 2015, inclusive of the 43.3 million from the TDSIC-2 filing.

Electric Operations Regulatory Matters

Significant Rate Developments. On July 19, 2012 and December 19, 2012, the FERC issued orders approving construction work in progress in rate base and abandoned plant cost recovery requested by NIPSCO for a 100-mile, 345 kV transmission project and its right to develop 50 percent of a 65-mile, 765 kV project. NIPSCO began recording revenue in the first quarter of 2013 using a forward looking rate, based on an average construction work in progress balance. For the six months ended June 30, 2015 and 2014, revenue of 10.0 million and 4.2 million, respectively, was recorded.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

On July 19, 2013, NIPSCO filed its electric TDSIC with the IURC. The filing included the seven-year plan of eligible investments for a total of approximately 1.1 billion with the majority of the spend occurring in years 2016 through 2020. On February 17, 2014, the IURC issued an order approving NIPSCO's seven-year plan of eligible investments. The Order also granted NIPSCO ratemaking relief associated with the eligible investments through a rate adjustment mechanism. The NIPSCO Industrial Group and the OUCC filed Notices of Appeal with the Indiana Court of Appeals in response to the IURC's ruling. On November 25, 2014, NIPSCO's requested TDSIC factors were approved on an interim basis and subject to refund, pending the outcome of the appeals of the IURC's February 17, 2014 Orders. On April 8, 2015, the Court of Appeals issued an Order concluding that the IURC erred in approving NIPSCO's seven-year plan given its lack of detail regarding the projects for years two through seven. The Court then remanded the decision to the IURC. On May 26, 2015, NIPSCO filed a settlement on remand which, among other things, requires NIPSCO to file an electric general rate case proceeding by December 31, 2015 and a new seven-year electric TDSIC plan following the filing of its next general rate case proceeding. This settlement is currently pending at the IURC, and a hearing was held on July 20, 2015. An order is expected in the third quarter of 2015.

Cost Recovery and Trackers . A significant portion of NIPSCO's revenue is related to the recovery of fuel costs to generate power and the fuel costs related to purchased power. These costs are recovered through a FAC, a standard, quarterly, "summary" regulatory proceeding in Indiana.

Certain operating costs of the Electric Operations are significant, recurring in nature, and generally outside the control of NIPSCO. The IURC allows for recovery of such costs via cost tracking mechanisms. Such tracking mechanisms allow for abbreviated regulatory proceedings in order for NIPSCO to implement charges and recover appropriate costs. Tracking mechanisms allow for more timely recovery of such costs as compared with more traditional cost recovery mechanisms. Examples of such mechanisms include electric energy efficiency programs, MISO non-fuel costs and revenues, resource capacity charges, and environmental related costs.

NIPSCO has approval from the IURC to recover certain environmental related costs through an ECT. Under the ECT, NIPSCO is permitted to recover (1) AFUDC and a return on the capital investment expended by NIPSCO to implement environmental compliance plan projects through an ECRM and (2) related operation and maintenance and depreciation expenses once the environmental facilities become operational through an EERM.

On April 22, 2015, the IURC issued an order on ECR-25 approving NIPSCO's request to begin earning a return on 734.1 million of net capital expenditures for the period ended December 31, 2014. The order also approved a revised capital cost estimate of 264.8 million for its Phase III multi-pollutant compliance plan projects related to the Unit 12 FGD, an increase from the previous IURC approved cost estimate of 246.3 million . On July 31, 2015, NIPSCO filed ECR-26 which included 776.5 million of net capital expenditures for the period ended June 30, 2015.

NIPSCO has approval from the IURC to recover certain costs for transmission and distribution system improvements through the electric TDSIC. On November 25, 2014, the IURC approved, on an interim basis and subject to refund pending the outcome of appeals, NIPSCO's requested TDSIC factors associated with the eligible investments, which included 19.4 million of net capital expenditures for the period ended June 30, 2014. On February 26, 2015, NIPSCO filed electric TDSIC-2 which included 62.3 million of net capital expenditures for the period ended December 31, 2014. The TDSIC-2 proceeding is stayed pending the outcome of the remand. See further discussion regarding the electric TDSIC above.

Columbia Pipeline Group Operations Regulatory Matters

Columbia Transmission Customer Settlement. In January 2015, Columbia Pipeline Group Operations commenced the third year of the Columbia Transmission long-term system modernization program. The Columbia Pipeline Group Operations segment expects to invest approximately 300.0 million in modernization investments during 2015. Recovery of approximately 320.0 million of investments made in 2014 began on February 1, 2015.

Cost Recovery Trackers. A significant portion of the transmission and storage regulated companies' revenue is related to the recovery of their operating costs, the review and recovery of which occurs via standard regulatory proceedings with the FERC under section 4 of the Natural Gas Act. However, certain operating costs of the NiSource regulated transmission and storage companies are significant and recurring in nature, such as fuel for compression and lost and unaccounted for gas. The FERC allows for the recovery of such costs via cost tracking mechanisms. These tracking mechanisms allow the transmission and storage

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

companies' rates to fluctuate in response to changes in certain operating costs or conditions as they occur to facilitate the timely recovery of its costs incurred. The tracking mechanisms involve a rate adjustment that is filed at a predetermined frequency, typically annually, with the FERC and is subject to regulatory review before new rates go into effect. Other such costs under regulatory tracking mechanisms include upstream pipeline transmission, electric compression, operational purchases and sales of natural gas, and the revenue requirement for capital investments made under Columbia Transmission's long-term plan to modernize its interstate transmission system as discussed above.

8. Fair Value

A. Fair Value Measurements

Recurring Fair Value Measurements. The following tables present financial assets and liabilities measured and recorded at fair value on NiSource's Condensed Consolidated Balance Sheets (unaudited) on a recurring basis and their level within the fair value hierarchy as of June 30, 2015 and December 31, 2014 :

Recurring Fair Value Measurements June 30, 2015 (in millions)	quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of June 30, 2015
Assets				
Price risk management assets:				
Commodity financial price risk programs	0.4		0.2	0.6
Available-for-sale securities	27.3	99.7		127.0
Total	\$ 27.7	\$ 99.7	\$ 0.2	\$ 127.6
Liabilities				
Price risk management liabilities:				
Commodity financial price risk programs	8.3			8.3
Total	\$ 8.3	\$ —	\$ —	\$ 8.3

Recurring Fair Value Measurements December 31, 2014 (in millions)	quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of December 31, 2014
Assets				
Price risk management assets:				
Commodity financial price risk programs	0.1			0.1
Available-for-sale securities	28.4	103.5		131.9
Total	\$ 28.5	\$ 103.5	\$ —	\$ 132.0
Liabilities				
Price risk management liabilities:				
Commodity financial price risk programs	14.2		0.1	14.3
Total	\$ 14.2	\$ —	\$ 0.1	\$ 14.3

Price risk management assets and liabilities primarily include NYMEX futures and NYMEX options which are commodity exchange-traded and non-exchange-based derivative contracts. Exchange-traded derivative contracts are based on unadjusted quoted prices in active markets and are classified within Level 1. These financial assets and liabilities are secured with cash on deposit with the exchange; therefore nonperformance risk has not been incorporated into these valuations. Certain non-exchange-traded derivatives are valued using broker or over-the-counter, on-line exchanges. In such cases, these non-exchange-traded derivatives are classified within Level 2. Non-exchange-based derivative instruments include swaps, forwards, and options. In certain instances, these instruments may utilize models to measure fair value. NiSource uses a similar model to value similar instruments. Valuation models utilize various inputs that include quoted prices for similar assets or liabilities in active markets,

[Table of Contents](#)ITEM 1. FINANCIAL STATEMENTS (continued)**NiSource Inc.****Notes to Condensed Consolidated Financial Statements (unaudited) (continued)**

quoted prices for identical or similar assets or liabilities in markets that are not active, other observable inputs for the asset or liability, and market-corroborated inputs, i.e., inputs derived principally from or corroborated by observable market data by correlation or other means. Where observable inputs are available for substantially the full term of the asset or liability, the instrument is categorized in Level 2. Certain derivatives trade in less active markets with a lower availability of pricing information and models may be utilized in the valuation. When such inputs have a significant impact on the measurement of fair value, the instrument is categorized in Level 3. Credit risk is considered in the fair value calculation of derivative instruments that are not exchange-traded. Credit exposures are adjusted to reflect collateral agreements which reduce exposures. As of June 30, 2015 and December 31, 2014, there were no material transfers between fair value hierarchies. Additionally, there were no changes in the method or significant assumptions used to estimate the fair value of NiSource's financial instruments.

Commodity price risk resulting from derivative activities at NiSource's rate-regulated subsidiaries is limited, since regulations allow recovery of prudently incurred purchased power, fuel and gas costs through the ratemaking process, including gains or losses on these derivative instruments. If states should explore additional regulatory reform, these subsidiaries may begin providing services without the benefit of the traditional ratemaking process and may be more exposed to commodity price risk. Some of NiSource's rate-regulated utility subsidiaries offer commodity price risk products to its customers for which derivatives are used to hedge forecasted customer usage under such products. These subsidiaries do not have regulatory recovery orders for these products and are subject to gains and losses recognized in earnings due to hedge ineffectiveness.

Available-for-sale securities are investments pledged as collateral for trust accounts related to NiSource's wholly-owned insurance company. Available-for-sale securities are included within "Other investments" in the Condensed Consolidated Balance Sheets (unaudited). Securities classified within Level 1 include U.S. Treasury debt securities which are highly liquid and are actively traded in over-the-counter markets. NiSource values corporate and mortgage-backed debt securities using a matrix pricing model that incorporates market-based information. These securities trade less frequently and are classified within Level 2. Total unrealized gains and losses from available-for-sale securities are included in other comprehensive income (loss). The amortized cost, gross unrealized gains and losses and fair value of available-for-sale debt securities at June 30, 2015 and December 31, 2014 were:

June 30, 2015 (in millions)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale debt securities				
U.S. Treasury securities	27.5	0.2	(0.2)	27.5
Corporate/Other bonds	99.5	0.7	(0.7)	99.5
Total Available-for-sale debt securities	\$ 127.0	\$ 0.9	\$ (0.9)	\$ 127.0
December 31, 2014 (in millions)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale debt securities				
U.S. Treasury securities	30.8	0.3	(0.2)	30.9
Corporate/Other bonds	100.6	1.0	(0.6)	101.0
Total Available-for-sale debt securities	\$ 131.4	\$ 1.3	\$ (0.8)	\$ 131.9

For the three months ended June 30, 2015 and 2014, the net realized gain on the sale of available-for-sale U.S. Treasury debt securities was 0.1 million and zero, respectively. For the three months ended June 30, 2015 and 2014, the net realized gain on the sale of available-for-sale Corporate/Other bond debt securities was 0.1 million for each period.

For the six months ended June 30, 2015 and 2014, the net realized gain on sale of available-for-sale U.S. Treasury debt securities was 0.1 million for each period. For the six months ended June 30, 2015 and 2014, the net gain on the sale of available-for-sale Corporate/Other bond debt securities was 0.1 million and 0.2 million, respectively.

The cost of maturities sold is based upon specific identification. At June 30, 2015, approximately 2.2 million of U.S. Treasury debt securities have maturities of less than a year while the remaining securities have maturities of greater than one year. At June 30, 2014, approximately 7.9 million of Corporate/Other bonds have maturities of less than a year while the remaining securities have maturities of greater than one year.

There are no material items in the fair value reconciliation of Level 3 assets and liabilities measured at fair value on a recurring basis for the three and six months ended June 30, 2015 and 2014.

[Table of Contents](#)ITEM 1. FINANCIAL STATEMENTS (continued)**NiSource Inc.****Notes to Condensed Consolidated Financial Statements (unaudited) (continued)**

Non-recurring Fair Value Measurements. There were no significant non-recurring fair value measurements recorded during the six months ended June 30, 2015 .

B. Other Fair Value Disclosures for Financial Instruments. The carrying amount of cash and cash equivalents, restricted cash, notes receivable, customer deposits and short-term borrowings is a reasonable estimate of fair value due to their liquid or short-term nature. NiSource's long-term borrowings are recorded at historical amounts.

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate fair value.

Long-term Debt. The fair values of these securities are estimated based on the quoted market prices for the same or similar issues or on the rates offered for securities of the same remaining maturities. Certain premium costs associated with the early settlement of long-term debt are not taken into consideration in determining fair value. These fair value measurements are classified as Level 2 within the fair value hierarchy. For the six months ended June 30, 2015 and 2014 , there were no changes in the method or significant assumptions used to estimate the fair value of the financial instruments.

The carrying amount and estimated fair values of financial instruments were as follows:

<i>(in millions)</i>	Carrying Amount as of June 30, 2015	Estimated Fair Value as of June 30, 2015	Carrying Amount as of Dec. 31, 2014	Estimated Fair Value as of Dec. 31, 2014
Long-term debt (including current portion)	\$ 9,323.7	\$ 9,958.4	8,422.5	9,505.7

9. Transfers of Financial Assets

Transfers of accounts receivable are accounted for as secured borrowings resulting in the recognition of short-term borrowings on the Condensed Consolidated Balance Sheets (unaudited). The maximum amount of debt that can be recognized related to NiSource's accounts receivable programs is 515 million .

All accounts receivables sold to the purchasers are valued at face value, which approximates fair value due to their short-term nature. The amount of the undivided percentage ownership interest in the accounts receivables sold is determined in part by required loss reserves under the agreements. Below is information about the accounts receivable securitization agreements entered into by NiSource's subsidiaries.

Columbia of Ohio is under an agreement to sell, without recourse, substantially all of its trade receivables, as they originate, to CGORC, a wholly-owned subsidiary of Columbia of Ohio. CGORC, in turn, is party to an agreement with BTMU and BNS, under the terms of which it sells an undivided percentage ownership interest in its accounts receivable to commercial paper conduits sponsored by BTMU and BNS. This agreement was last renewed on October 17, 2014; the current agreement expires on October 16, 2015 and can be further renewed if mutually agreed to by all parties. The maximum seasonal program limit under the terms of the current agreement is 240 million . As of June 30, 2015 , no accounts receivable had been transferred by CGORC. CGORC is a separate corporate entity from NiSource and Columbia of Ohio, with its own separate obligations, and upon a liquidation of CGORC, CGORC's obligations must be satisfied out of CGORC's assets prior to any value becoming available to CGORC's stockholder.

NIPSCO is under an agreement to sell, without recourse, substantially all of its trade receivables, as they originate, to NARC, a wholly-owned subsidiary of NIPSCO. NARC, in turn, is party to an agreement with PNC and Mizuho under the terms of which it sells an undivided percentage ownership interest in its accounts receivable to PNC and a commercial paper conduit sponsored by Mizuho. This agreement was last renewed on August 27, 2014; the current agreement expires on August 26, 2015 and can be further renewed if mutually agreed to by all parties. The maximum seasonal program limit under the terms of the current agreement is 200 million . As of June 30, 2015 , 141.8 million of accounts receivable had been transferred by NARC. NARC is a separate corporate entity from NiSource and NIPSCO, with its own separate obligations, and upon a liquidation of NARC, NARC's obligations must be satisfied out of NARC's assets prior to any value becoming available to NARC's stockholder.

[Table of Contents](#)ITEM 1. FINANCIAL STATEMENTS (continued)**NiSource Inc.****Notes to Condensed Consolidated Financial Statements (unaudited) (continued)**

Columbia of Pennsylvania is under an agreement to sell, without recourse, substantially all of its trade receivables, as they originate, to CPRC, a wholly-owned subsidiary of Columbia of Pennsylvania. CPRC, in turn, is party to an agreement with BTMU under the terms of which it sells an undivided percentage ownership interest in its accounts receivable to a commercial paper conduit sponsored by BTMU. The agreement with BTMU was last renewed on March 10, 2015, having a current scheduled termination date of March 9, 2016 and can be further renewed if mutually agreed to by both parties. The maximum seasonal program limit under the terms of the agreement is 75 million. As of June 30, 2015, no accounts receivable had been transferred by CPRC. CPRC is a separate corporate entity from NiSource and Columbia of Pennsylvania, with its own separate obligations, and upon a liquidation of CPRC, CPRC's obligations must be satisfied out of CPRC's assets prior to any value becoming available to CPRC's stockholder.

The following table reflects the gross and net receivables transferred as well as short-term borrowings related to the securitization transactions as of June 30, 2015 and December 31, 2014 for Columbia of Ohio, NIPSCO and Columbia of Pennsylvania:

<i>(in millions)</i>		June 30, 2015	December 31, 2014
Gross Receivables	\$	443.3	611.7
Less: Receivables not transferred		301.5	327.4
Net receivables transferred	\$	141.8	284.3
Short-term debt due to asset securitization	\$	141.8	284.3

Columbia of Ohio, NIPSCO and Columbia of Pennsylvania remain responsible for collecting on the receivables securitized and the receivables cannot be sold to another party.

10. Goodwill

NiSource tests its goodwill for impairment annually as of May 1 unless indicators, events, or circumstances would require an immediate review. Goodwill is tested for impairment using financial information at the reporting unit level, which is consistent with the level of discrete financial information reviewed by operating segment management. NiSource's three reporting units are Columbia Distribution Operations, Columbia Transmission Operations and NIPSCO Gas Distribution Operations.

NiSource's goodwill assets as of June 30, 2015 were 3.7 billion pertaining primarily to the acquisition of Columbia on November 1, 2000. Of this amount, approximately 2.0 billion is allocated to Columbia Transmission Operations and 1.7 billion is allocated to Columbia Distribution Operations. In addition, NIPSCO Gas Distribution Operations' goodwill assets of 17.8 million at June 30, 2015 relate to the purchase of Northern Indiana Fuel and Light in March 1993 and Kokomo Gas in February 1992.

NiSource completed a quantitative ("step 1") fair value measurement of its reporting units during the May 1, 2012 goodwill test. The test indicated that the fair value of each of the reporting units that carry or are allocated goodwill substantially exceeded their carrying values, indicating that no impairment existed.

ASU 2011-08 allows entities testing goodwill for impairment the option of performing a qualitative ("step 0") assessment before calculating the fair value of a reporting unit for the goodwill impairment test. If a step 0 assessment is performed, an entity is no longer required to calculate the fair value of a reporting unit unless the entity determines that, based on that assessment, it is more likely than not that its fair value is less than its carrying amount.

NiSource applied the qualitative step 0 analysis to its reporting units for the annual impairment test performed as of May 1, 2015. For the current year test, NiSource assessed various assumptions, events and circumstances that would have affected the estimated fair value of the reporting units as compared to its base line May 1, 2012 step 1 fair value measurement. The results of this assessment indicated that it is not more likely than not that its reporting unit fair values are less than the reporting unit carrying values.

NiSource considered whether there were any events or changes in circumstances subsequent to the annual test that would reduce the fair value of any of the reporting units below their carrying amounts and necessitate another goodwill impairment test. No such indicators were noted that would require a subsequent goodwill impairment test during the second quarter of 2015.

[Table of Contents](#)ITEM 1. FINANCIAL STATEMENTS (continued)**NiSource Inc.****Notes to Condensed Consolidated Financial Statements (unaudited) (continued)****11. Income Taxes**

NiSource's interim effective tax rates reflect the estimated annual effective tax rates for 2015 and 2014, adjusted for tax expense associated with certain discrete items. The effective tax rates for the three months ended June 30, 2015 and 2014 were 35.8% and 33.5%, respectively. The effective tax rates for the six months ended June 30, 2015 and 2014 were 35.4% and 37.0%, respectively. These effective tax rates differ from the Federal tax rate of 35% primarily due to the effects of tax credits, state income taxes, utility ratemaking and other permanent book-to-tax differences.

The increase in the three month effective tax rate of 2.3% in 2015 versus 2014 is primarily attributed to the difference in the relative impact of permanent differences over pre-tax loss in 2015 and pre-tax income in 2014. The decrease in the six month effective tax rate of 1.6% is primarily due to the impact of the Indiana rate change in 2014 and pass through benefits of NiSource's non-controlling interests, offset by the effects of ratemaking.

There were no material changes recorded in 2015 to NiSource's uncertain tax positions as of December 31, 2014.

12. Pension and Other Postretirement Benefits

NiSource provides defined contribution plans and noncontributory defined benefit retirement plans that cover its employees. Benefits under the defined benefit retirement plans reflect the employees' compensation, years of service and age at retirement. Additionally, NiSource provides health care and life insurance benefits for certain retired employees. The majority of employees may become eligible for these benefits if they reach retirement age while working for NiSource. The expected cost of such benefits is accrued during the employees' years of service. Current rates of rate-regulated companies include postretirement benefit costs, including amortization of the regulatory assets that arose prior to inclusion of these costs in rates. For most plans, cash contributions are remitted to grantor trusts.

For the six months ended June 30, 2015, NiSource has contributed 1.4 million to its pension plans and 15.2 million to its other postretirement benefit plans.

The following tables provide the components of the plans' net periodic benefits cost (credit) for the three and six months ended June 30, 2015 and 2014:

Three Months Ended June 30, (in millions)	Pension Benefits		Other Postretirement Benefits	
	2015	2014	2015	2014
Components of Net Periodic Benefit Cost (Credit)				
Service cost	\$ 9.5	8.7	\$ 1.8	2.2
Interest cost	25.2	27.3	6.8	7.8
Expected return on assets	(46.2)	(45.3)	(9.3)	(9.1)
Amortization of prior service credit	(0.1)		(1.4)	(0.9)
Recognized actuarial loss	15.9	11.9	1.1	0.1
Total Net Periodic Benefit Cost (Credit)	\$ 4.3	2.6	\$ (1.0)	0.1

Six Months Ended June 30, (in millions)	Pension Benefits		Other Postretirement Benefits	
	2015	2014	2015	2014
Components of Net Periodic Benefit Cost (Credit)				
Service cost	\$ 19.0	17.4	\$ 3.6	4.5
Interest cost	50.4	54.6	13.6	16.0
Expected return on assets	(92.4)	(90.6)	(18.6)	(18.2)
Amortization of prior service credit	(0.2)		(2.8)	(1.5)
Recognized actuarial loss	31.8	23.8	2.2	0.1
Total Net Periodic Benefit Cost (Credit)	\$ 8.6	5.2	\$ (2.0)	0.9

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

13. Variable Interests and Variable Interest Entities

In general, a VIE is an entity that (1) has an insufficient amount of at-risk equity to permit the entity to finance its activities without additional financial subordinated support provided by any parties, (2) whose at-risk equity owners, as a group, do not have power, through voting rights or similar rights, to direct activities of the entity that most significantly impact the entity's economic performance or (3) whose at-risk owners do not absorb the entity's losses or receive the entity's residual return. A VIE is required to be consolidated by a company if that company is determined to be the primary beneficiary of the VIE.

NiSource consolidates those VIEs for which it is the primary beneficiary. NiSource considers quantitative and qualitative elements in determining the primary beneficiary. Qualitative measures include the ability to control an entity and the obligation to absorb losses or the right to receive benefits.

NiSource's analysis includes an assessment of guarantees, operating leases, purchase agreements, and other contracts, as well as its investments and joint ventures. For items that have been identified as variable interests, or where there is involvement with an identified VIE, an in-depth review of the relationship between the relevant entities and NiSource is made to evaluate qualitative and quantitative factors to determine the primary beneficiary, if any, and whether additional disclosures would be required under the current standard.

NIPSCO has a service agreement with Pure Air, a general partnership between Air Products and Chemicals, Inc. and First Air Partners LP, under which Pure Air provides scrubber services to reduce sulfur dioxide emissions for Units 7 and 8 at the Bailly Generating Station. NiSource has made an exhaustive effort to obtain information needed from Pure Air to determine the status of Pure Air as a VIE. However, NIPSCO has not been able to obtain this information and, as a result, it is unclear whether Pure Air is a VIE and if NIPSCO is the primary beneficiary. NIPSCO will continue to request the information required to determine whether Pure Air is a VIE. NIPSCO has no exposure to loss related to the service agreement with Pure Air. Payments under this agreement were 10.7 million and 10.6 million for the six months ended June 30, 2015 and 2014, respectively.

14. Long-Term Debt

On May 22, 2015, CPG closed its placement of 2,750.0 million in aggregate principal amount of its senior notes, comprised of 500.0 million of 2.45% senior notes due 2018, 750.0 million of 3.30% senior notes due 2020, 1,000.0 million of 4.50% senior notes due 2025 and 500.0 million of 5.80% senior notes due 2045.

CPG made cash payments to NiSource of approximately 2.6 billion from the proceeds of the CPG senior notes offering. In May 2015, using proceeds from the cash payments from CPG, NiSource Finance settled its two bank term loans in the amount of 1,075.0 million and executed a tender offer for 750.0 million consisting of a combination of its 5.25% notes due 2017, 6.40% notes due 2018 and 4.45% notes due 2021. In conjunction with the debt retired, NiSource Finance recorded a 97.2 million loss on early extinguishment of long-term debt, primarily attributable to early redemption premiums.

15. Short-Term Borrowings

During the second quarter of 2015, NiSource Finance maintained a 2.0 billion revolving credit facility with a syndicate of banks led by Barclays Capital with a termination date of September 28, 2018. The purpose of the facility is to fund ongoing working capital requirements including the provision of liquidity support for NiSource's 1.5 billion commercial paper program, provide for issuance of letters of credit and also for general corporate purposes. At June 30, 2015, NiSource had no outstanding borrowings under this facility. In connection with and effective upon the Separation, the 2.0 billion revolving credit facility was amended to reduce the amount available to 1.5 billion and extend the termination date to July 1, 2020. Refer to Note 21 for further information.

NiSource Finance's commercial paper program has a program limit of up to 1.5 billion with a dealer group comprised of Barclays, Citigroup, Credit Suisse and Wells Fargo. At June 30, 2015, NiSource had no commercial paper outstanding.

As of June 30, 2015 and December 31, 2014, NiSource had 30.9 million of stand-by letters of credit outstanding of which 14.7 million were supported by the revolving credit facility.

During the second quarter of 2015, CPPL maintained a 500.0 million revolving credit facility, of which 50.0 million was available for issuance of letters of credit. The purpose of the facility is to provide cash for general partnership purposes, including working capital, capital expenditures and the funding of capital calls. At June 30, 2015, CPPL had 20.0 million of outstanding borrowings under this facility.

[Table of Contents](#)ITEM 1. FINANCIAL STATEMENTS (continued)**NiSource Inc.****Notes to Condensed Consolidated Financial Statements (unaudited) (continued)**

Transfers of accounts receivable are accounted for as secured borrowings resulting in the recognition of short-term borrowings on the Condensed Consolidated Balance Sheets (unaudited) in the amount of 141.8 million and 284.3 million as of June 30, 2015 and December 31, 2014, respectively. Refer to Note 9 for additional information.

<i>(in millions)</i>	June 30, 2015	December 31, 2014
Commercial Paper weighted average interest rate of 0.82% at December 31, 2014	\$ —	792.6
Credit facilities borrowings weighted average interest rate of 1.26% and 1.44% at June 30, 2015 and December 31, 2014, respectively	20.0	500.0
Accounts receivable securitization facility borrowings	141.8	284.3
Total Short-Term Borrowings	\$ 161.8	1,576.9

Given their turnover and stated maturities are less than 90 days, cash flows related to the borrowings and repayments of the items listed above are presented net in the Condensed Statements of Consolidated Cash Flows (unaudited).

16. Share-Based Compensation

The NiSource stockholders originally approved and adopted the NiSource Inc. 2010 Omnibus Incentive Plan (the "Omnibus Plan"), at the Annual Meeting of Stockholders held on May 11, 2010. Stockholders re-approved the Omnibus Plan as amended at the Annual Meeting of Stockholders held on May 12, 2015. The Omnibus Plan provides for awards to employees and non-employee directors of incentive and nonqualified stock options, stock appreciation rights, restricted stock and restricted stock units, performance shares, performance units, cash-based awards and other stock-based awards. The Omnibus Plan provides that the number of shares of common stock of NiSource available for awards is 8,000,000 plus the number of shares subject to outstanding awards granted under either the long-term incentive plan approved by stockholders on April 13, 1994 ("1994 Plan") or the Director Stock Incentive Plan ("Director Plan"), that expire or terminate for any reason. No further awards are permitted to be granted under the 1994 Plan or the Director Plan. At June 30, 2015, there were 5,698,507 shares reserved for future awards under the Omnibus Plan.

NiSource recognized stock-based employee compensation expense of 2.9 million and 5.7 million for the three months ended June 30, 2015 and 2014, respectively, as well as related tax benefits of 1.0 million and 1.9 million, respectively. For the six months ended June 30, 2015 and 2014, stock-based employee compensation expense of 14.1 million and 11.0 million was recognized, respectively, as well as related tax benefits of 5.0 million and 4.1 million, respectively.

As of June 30, 2015, the total remaining unrecognized compensation cost related to nonvested awards amounted to 33.9 million, which will be amortized over the weighted-average remaining requisite service period of 2.2 years.

Restricted Stock Units and Restricted Stock. During the six months ended June 30, 2015, NiSource granted 548,592 restricted stock units and shares of restricted stock, subject to service conditions. The total grant date fair value of restricted stock units and shares of restricted stock was 22.2 million, based on the average market price of NiSource's common stock at the date of each grant less the present value of any dividends not received during the vesting period, which will be expensed, net of forfeitures, over the vesting period which is generally three years. As of June 30, 2015, 777,456 nonvested (all of which are expected to vest) restricted stock units and shares of restricted stock were granted and outstanding.

401(k) Match, Profit Sharing and Company Contribution. NiSource has a voluntary 401(k) savings plan covering eligible employees that allows for periodic discretionary matches as a percentage of each participant's contributions payable in shares of common stock. NiSource also has a retirement savings plan that provides for discretionary profit sharing contributions payable in shares of common stock to eligible employees based on earnings results; and eligible exempt employees hired after January 1, 2010 receive a non-elective company contribution of three percent of eligible pay payable in shares of common stock. For the quarters ended June 30, 2015 and 2014, NiSource recognized 401(k) match, profit sharing and non-elective contribution expense of 11.2 million and 8.4 million, respectively. For the six months ended June 30, 2015 and 2014, NiSource recognized 401(k) match, profit sharing and non-elective contribution expenses of 19.4 million and 16.9 million, respectively.

[Table of Contents](#)ITEM 1. FINANCIAL STATEMENTS (continued)**NiSource Inc.****Notes to Condensed Consolidated Financial Statements (unaudited) (continued)****17. Other Commitments and Contingencies**

A. Guarantees and Indemnities. As a part of normal business, NiSource and certain subsidiaries enter into various agreements providing financial or performance assurance to third parties on behalf of certain subsidiaries. Such agreements include guarantees and stand-by letters of credit. These agreements are entered into primarily to support or enhance the creditworthiness otherwise attributed to a subsidiary on a stand-alone basis, thereby facilitating the extension of sufficient credit to accomplish the subsidiaries' intended commercial purposes. The total guarantees and indemnities in existence at June 30, 2015 and the years in which they expire were:

<i>(in millions)</i>	Total	2015	2016	2017	2018	2019	After
Guarantees of subsidiaries debt	6,135.5	230.0	291.5	267.4	476.0	500.0	4,370.6
Accounts receivable securitization	141.8	141.8					
Letters of credit	30.9	29.2	1.7				
Other guarantees	103.1					1.7	101.4
Total commercial commitments ⁽¹⁾	6,411.3	401.0	293.2	267.4	476.0	501.7	4,472.0

⁽¹⁾This amount does not include CPG's issuance of 2,750.0 million of long-term debt, which is guaranteed by certain subsidiaries of CPG. Additionally, this amount does not include CPPL's outstanding borrowings of 20.0 million under its revolving credit facility, which is guaranteed by CPG and certain subsidiaries of CPG.

Guarantees of Subsidiaries Debt. NiSource has guaranteed the payment of 6,135.5 million of debt for various wholly-owned subsidiaries including NiSource Finance and Columbia of Massachusetts, and through a support agreement, for Capital Markets, which is reflected on NiSource's Condensed Consolidated Balance Sheets (unaudited). The subsidiaries are required to comply with certain covenants under the debt indenture and in the event of default, NiSource would be obligated to pay the debt's principal and related interest. NiSource does not anticipate its subsidiaries will have any difficulty maintaining compliance. On October 3, 2011, NiSource executed a Second Supplemental Indenture to the original Columbia of Massachusetts Indenture dated April 1, 1991, for the specific purpose of guaranteeing Columbia of Massachusetts' outstanding unregistered medium-term notes.

Lines and Letters of Credit and Accounts Receivable Advances. During the second quarter of 2015, NiSource Finance maintained a 2.0 billion revolving credit facility with a syndicate of banks led by Barclays Capital with a termination date of September 28, 2018. The purpose of the facility is to fund ongoing working capital requirements including the provision of liquidity support for NiSource's 1.5 billion commercial paper program, provide for issuance of letters of credit, and also for general corporate purposes. In connection with and effective upon the Separation, the 2.0 billion revolving credit facility was amended to reduce the amount available to 1.5 billion and extend the termination date to July 1, 2020. Refer to Note 21 for further information.

At June 30, 2015, NiSource had no borrowings under its five-year revolving credit facility, no commercial paper outstanding and 141.8 million outstanding under its accounts receivable securitization agreements. At June 30, 2015, NiSource had issued stand-by letters of credit of approximately 30.9 million for the benefit of third parties. See Note 15 for additional information.

Other Guarantees or Obligations. As of June 30, 2015, NiSource had on deposit a letter of credit with MUFG Union Bank, N.A., Collateral Agent, in a debt service reserve account in association with Millennium's notes as required under the Deposit and Disbursement Agreement that governs the Millennium notes. This account is to be drawn upon by the note holders in the event that Millennium is delinquent on its principal and interest payments. The value of NiSource's letter of credit represents 47.5% (NiSource's ownership interest in Millennium) of the debt service reserve account requirement, or 16.2 million. The total exposure for NiSource is 16.2 million. NiSource has an accrued liability of 1.5 million related to the inception date fair value of this guarantee as of June 30, 2015.

B. Other Legal Proceedings. The Company is party to certain claims and legal proceedings arising in the ordinary course of business, none of which is deemed to be individually significant at this time. Due to the inherent uncertainty of litigation, there can be no assurance that the resolution of any particular claim or proceeding would not have a material adverse effect on the Company's results of operations, financial position or liquidity. It is possible that if one or more of such matters were decided against the Company, the effects could be material to the Company's results of operations in the period in which the Company would be required to record or adjust the related liability and could also be material to the Company's cash flows in the periods the Company would be required to pay such liability.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

C. Environmental Matters. NiSource operations are subject to environmental statutes and regulations related to air quality, water quality, hazardous waste and solid waste. NiSource believes that it is in substantial compliance with those environmental regulations currently applicable to its operations.

It is management's continued intent to address environmental issues in cooperation with regulatory authorities in such a manner as to achieve mutually acceptable compliance plans. However, there can be no assurance that fines and penalties will not be incurred. Management expects a significant portion of environmental assessment and remediation costs to be recoverable through rates for certain NiSource companies.

As of June 30, 2015 and December 31, 2014, NiSource had recorded an accrual of approximately 136.3 million and 128.4 million, respectively, to cover environmental remediation at various sites. The current portion of this accrual is included in "Legal and environmental" in the Condensed Consolidated Balance Sheets (unaudited). The noncurrent portion is included in "Other noncurrent liabilities" in the Condensed Consolidated Balance Sheets (unaudited). NiSource accrues for costs associated with environmental remediation obligations when the incurrence of such costs is probable and the amounts can be reasonably estimated. The original estimates for cleanup can differ materially from the amount ultimately expended. The actual future expenditures depend on many factors, including currently enacted laws and regulations, the nature and extent of contamination, the method of cleanup and the availability of cost recovery from customers. These expenditures are not currently estimable at some sites. NiSource periodically adjusts its accrual as information is collected and estimates become more refined.

Air

The actions listed below could require further reductions in emissions from various emission sources. NiSource will continue to closely monitor developments in these matters.

Climate Change. Future legislative and regulatory programs could significantly restrict emissions of GHGs or could impose a cost or tax on GHG emissions.

National Ambient Air Quality Standards. The CAA requires the EPA to set NAAQS for particulate matter and five other pollutants considered harmful to public health and the environment. Periodically the EPA imposes new or modifies existing NAAQS. States that contain areas that do not meet the new or revised standards must take steps to maintain or achieve compliance with the standards. These steps could include additional pollution controls on boilers, engines, turbines and other facilities owned by electric generation, gas distribution, and gas transmission operations.

The following NAAQS were recently added or modified:

Ozone: On November 25, 2014, the EPA proposed to lower the 8-hour ozone standard from 75 ppb to within a range of 65-70 ppb. If the standard is finalized and the EPA proceeds with designations, areas where NiSource operates currently designated as attainment may be re-classified as non-attainment. NiSource will continue to monitor this matter and cannot estimate its impact at this time.

Nitrogen Dioxide (NO₂): The EPA revised the NO₂ NAAQS by adding a one-hour standard while retaining the annual standard. The new standard could impact some NiSource combustion sources. The EPA designated all areas of the country as unclassifiable/attainment in January 2012. After the establishment of a new monitoring network and possible modeling implementation, areas will potentially be re-designated sometime in 2016. States with areas that do not meet the standard will be required to develop rules to bring areas into compliance within five years of designation. Additionally, under certain permitting circumstances, emissions from some existing NiSource combustion sources may need to be assessed and mitigated. NiSource will continue to monitor this matter and cannot estimate the impact of these rules at this time.

Waste

NiSource subsidiaries are potentially responsible parties at waste disposal sites under the CERCLA (commonly known as Superfund) and similar state laws. Additionally, NiSource affiliates have retained environmental liabilities, including cleanup liabilities, associated with certain former operations.

A program has been instituted to identify and investigate former MGP sites where Gas Distribution Operations subsidiaries or predecessors may have liability. The program has identified 66 such sites where liability is probable. Remedial actions at many of these sites are being overseen by state or federal environmental agencies through consent agreements or voluntary remediation agreements.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

NiSource utilizes a probabilistic model to estimate its future remediation costs related to its MGP sites. The model was prepared with the assistance of a third-party and incorporates NiSource and general industry experience with remediating MGP sites. NiSource completes an annual refresh of the model in the second quarter of each fiscal year. No material changes to the estimated future remediation costs were noted as a result of the refresh completed as of June 30, 2015. The total estimated liability at NiSource related to the facilities subject to remediation was 119.7 million and 121.5 million at June 30, 2015 and December 31, 2014, respectively. The liability represents NiSource's best estimate of the probable cost to remediate the facilities. NiSource believes that it is reasonably possible that remediation costs could vary by as much as 25 million in addition to the costs noted above. Remediation costs are estimated based on the best available information, applicable remediation standards at the balance sheet date, and experience with similar facilities.

Additional Issues Related to Individual Business Segments

The sections below describe various regulatory actions that affect individual business segments for which NiSource has retained a liability.

Electric Operations.

Air

NIPSCO is subject to a number of air-quality mandates in the next several years. These mandates required NIPSCO to make capital improvements to its electric generating stations. The cost of capital improvements is estimated to be 870 million, of which approximately 78.3 million remains to be spent. This figure includes additional capital improvements associated with the New Source Review Consent Decree and the Utility Mercury and Air Toxics Standards Rule. NIPSCO believes that the capital costs are probable of recovery from customers.

Utility Mercury and Air Toxics Standards Rule: On December 16, 2011, the EPA finalized the MATS rule establishing new emissions limits for mercury and other air toxics. NIPSCO's affected units have completed projects to meet the April 2015 compliance deadline. For NIPSCO's remaining affected units, a one year compliance extension granted by IDEM delays the compliance date until April 2016. NIPSCO continues to implement an IURC-approved plan for the installation of additional environmental controls needed to comply with the MATS extension. On June 29, 2015, the United States Supreme Court remanded the MATS rule back to the United States Court of Appeals for the District of Columbia Circuit for further proceedings. The MATS rule remains in effect until the Court of Appeals issues a ruling. The timing for resolving the process is unclear at this time, NIPSCO will continue to monitor developments in this matter.

On June 2, 2014, the EPA proposed a GHG performance standard for existing fossil-fuel fired electric utility generating units under section 111(d) of the CAA. The proposed rule establishes state-specific CO₂ emission rate goals applied to the state's fleet of fossil-fuel fired electric generating units, and requires each state to submit a plan indicating how the state will meet the EPA's emission rate goal, including possibly imposing reduction obligations on specific units. Final CO₂ emission rate standards are expected to be set by the EPA by the third quarter of 2015, and state plans are required to be submitted to the EPA as early as the third quarter of 2016. The cost to comply with this rule will depend on a number of factors, including the requirements of the final federal regulation and the level of NIPSCO's required GHG reductions. It is possible that this new rule, comprehensive federal or state GHG legislation, or other GHG regulation could result in additional expense or compliance costs that could materially impact NiSource's financial results. NIPSCO will continue to monitor this matter and cannot estimate its impact at this time.

Water

On August 15, 2014, the EPA published the final Phase II Rule of the Clean Water Act Section 316(b), which requires all large existing steam electric generating stations to meet certain performance standards to reduce the effects on aquatic organisms at their cooling water intake structures. Under this rule, stations will have to either demonstrate that the performance of their existing fish protection systems meet the new standards or develop new systems, such as a closed-cycle cooling tower. The cost to comply will depend on a number of factors, including evaluation of the various compliance options available under the regulation and permitting-related determinations by IDEM. NIPSCO estimates that the cost of compliance is between 4 million and 35 million, dependent upon study results, agency requirements and technology ultimately required to achieve compliance.

On June 7, 2013, the EPA published a proposed rule to amend the effluent limitations guidelines and standards for the Steam Electric Power Generating category. These proposed regulations could impose new water treatment requirements on NIPSCO's electric generating facilities. A final rule is expected in the fourth quarter of 2015. NIPSCO will continue to monitor developments in this matter and cannot estimate the cost of compliance at this time.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

Waste

On April 17, 2015, the EPA released a final rule for regulation of CCRs. The rule regulates CCRs under the Resource Conservation and Recovery Act Subtitle D, which determines them to be non-hazardous. The rule will require increased groundwater monitoring, reporting, recordkeeping and posting related information to the Internet. The rule also establishes requirements related to CCR management, impoundments, landfills and storage. The rule will allow NIPSCO to continue its byproduct beneficial use program.

The publication of the CCR rule resulted in revisions to previously recorded legal obligations associated with the retirement of certain NIPSCO facilities. The actual asset retirement costs related to the CCR rule may vary substantially from the estimates used to record the increased asset retirement obligation due to the uncertainty about the compliance strategies that will be used and the preliminary nature of available data used to estimate costs. Refer to Note 6 for further information. In addition, in order to comply with the rule NIPSCO will be required to incur future capital expenditures to modify its infrastructure and manage CCRs. As allowed by the EPA, NIPSCO will continue to collect data over time to determine the nature, extent and cost of these future capital expenditures. Given the preliminary stage of this data collection, NIPSCO is unable to estimate a range for these future capital expenditures at this time.

D. Other Matters.

Transmission Upgrade Agreements. On February 11, 2014, NIPSCO entered into two TUAs with upgrade sponsors to complete upgrades on NIPSCO's transmission system on behalf of those sponsors. The upgrade sponsors agreed to reimburse NIPSCO for the total cost to construct transmission upgrades and place them into service, multiplied by a rate of 1.71 ("the multiplier").

On June 10, 2014, certain upgrade sponsors for both TUAs filed a complaint at the FERC against NIPSCO regarding the multiplier stated in the TUAs. On June 30, 2014, NIPSCO filed an answer defending the terms of the TUAs and the just and reasonable nature of the multiplier charged therein and moved for dismissal of the complaint. On December 8, 2014, the FERC issued an order in response to the complaint finding that it is appropriate for NIPSCO to recover, through the multiplier, substantiated costs of ownership related to the TUAs. The FERC set for hearing the issue of what constitutes the incremental costs NIPSCO will incur, but is holding that hearing in abeyance to allow for settlement. NIPSCO will continue to monitor developments in this matter and does not believe the impact is material to the Condensed Consolidated Financial Statements (unaudited).

Springfield, Massachusetts. On November 23, 2012, while Columbia of Massachusetts was investigating the source of an odor of gas at a service location in Springfield, Massachusetts, a gas service line was pierced and an explosion occurred. While this explosion impacted multiple buildings and resulted in several injuries, no life threatening injuries or fatalities have been reported. Columbia of Massachusetts fully cooperated with both the Massachusetts DPU and the Occupational Safety & Health Administration in their investigations of this incident, which have been concluded. Columbia of Massachusetts believes any costs associated with damages, injuries and other losses related to this incident are substantially covered by insurance. Any amounts not covered by insurance are not expected to have a material impact on NiSource's consolidated financial statements. In accordance with GAAP, NiSource recorded any accruals and the related insurance recoveries resulting from this incident on a gross basis within the Condensed Consolidated Balance Sheets (unaudited).

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

18. Accumulated Other Comprehensive Loss

The following tables display the components of Accumulated Other Comprehensive Loss for the three and six months ended June 30, 2015 and 2014 :

Three Months Ended June 30, 2015 (in millions)	Gains and Losses on Securities ⁽¹⁾	Gains and Losses on Cash Flow Hedges ⁽¹⁾	Pension and OPEB Items ⁽¹⁾	Accumulated Other Comprehensive Loss ⁽¹⁾
Balance as of April 1, 2015	1.2	(20.7)	(27.1)	(46.6)
Other comprehensive income before reclassifications	(1.2)		2.5	1.3
Amounts reclassified from accumulated other comprehensive income		0.7	0.2	0.9
Net current-period other comprehensive (loss) income	(1.2)	0.7	2.7	2.2
Balance as of June 30, 2015	\$ —	\$ (20.0)	\$ (24.4)	\$ (44.4)

Six Months Ended June 30, 2015 (in millions)	Gains and Losses on Securities ⁽¹⁾	Gains and Losses on Cash Flow Hedges ⁽¹⁾	Pension and OPEB Items ⁽¹⁾	Accumulated Other Comprehensive Loss ⁽¹⁾
Balance as of January 1, 2015	0.3	(23.6)	(27.3)	(50.6)
Other comprehensive income before reclassifications	(0.2)		2.5	2.3
Amounts reclassified from accumulated other comprehensive income	(0.1)	1.6	0.4	1.9
Net current-period other comprehensive (loss) income	(0.3)	1.6	2.9	4.2
Allocation of AOCI to noncontrolling interest		2.0		2.0
Balance as of June 30, 2015	\$ —	\$ (20.0)	\$ (24.4)	\$ (44.4)

Three Months Ended June 30, 2014 (in millions)	Gains and Losses on Securities ⁽¹⁾	Gains and Losses on Cash Flow Hedges ⁽¹⁾	Pension and OPEB Items ⁽¹⁾	Accumulated Other Comprehensive Loss ⁽¹⁾
Balance as of April 1, 2014		(25.2)	(17.3)	(42.5)
Other comprehensive income before reclassifications	0.5		(0.3)	0.2
Amounts reclassified from accumulated other comprehensive income		0.7	0.2	0.9
Net current-period other comprehensive income (loss)	0.5	0.7	(0.1)	1.1
Balance as of June 30, 2014	\$ 0.5	\$ (24.5)	\$ (17.4)	\$ (41.4)

Six Months Ended June 30, 2014 (in millions)	Gains and Losses on Securities ⁽¹⁾	Gains and Losses on Cash Flow Hedges ⁽¹⁾	Pension and OPEB Items ⁽¹⁾	Accumulated Other Comprehensive Loss ⁽¹⁾
Balance as of January 1, 2014	(0.3)	(25.8)	(17.5)	(43.6)
Other comprehensive income before reclassifications	1.0	0.1	(0.3)	0.8
Amounts reclassified from accumulated other comprehensive income	(0.2)	1.2	0.4	1.4
Net current-period other comprehensive income	0.8	1.3	0.1	2.2
Balance as of June 30, 2014	\$ 0.5	\$ (24.5)	\$ (17.4)	\$ (41.4)

⁽¹⁾ All amounts are net of tax. Amounts in parentheses indicate debits.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

Equity Investment

As Millennium is an equity method investment, NiSource is required to recognize a proportional share of Millennium's OCI. The remaining unrecognized loss at June 30, 2015 of 13.9 million, net of tax, related to terminated interest rate swaps, is being amortized over the period ending June 2025 into earnings using the effective interest method through interest expense as interest payments are made by Millennium. The unrecognized loss of 13.9 million and 16.6 million at June 30, 2015 and December 31, 2014, respectively, is included in gains and losses on cash flow hedges above.

19. Business Segment Information

Operating segments are components of an enterprise for which separate financial information is available and evaluated regularly by the chief operating decision maker in deciding how to allocate resources and assess performance. NiSource's Chief Executive Officer is the chief operating decision maker.

At June 30, 2015, NiSource's operations are divided into three primary business segments. The Gas Distribution Operations segment provides natural gas service and transportation for residential, commercial and industrial customers in Ohio, Pennsylvania, Virginia, Kentucky, Maryland, Indiana and Massachusetts. The Electric Operations segment provides electric service in 20 counties in the northern part of Indiana. The Columbia Pipeline Group Operations segment offers gas transportation and storage services for LDCs, marketers and industrial and commercial customers located in northeastern, mid-Atlantic, Midwestern and southern states and the District of Columbia along with unregulated businesses that include midstream services and development of mineral rights positions.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

The following table provides information about business segments. NiSource uses operating income as its primary measurement for each of the reported segments and makes decisions on finance, dividends and taxes at the corporate level on a consolidated basis. Segment revenues include intersegment sales to affiliated subsidiaries, which are eliminated in consolidation. Affiliated sales are recognized on the basis of prevailing market, regulated prices or at levels provided for under contractual agreements. Operating income is derived from revenues and expenses directly associated with each segment.

<i>(in millions)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Revenues				
Gas Distribution Operations				
Unaffiliated	\$ 508.5	616.5	\$ 1,964.7	2,181.9
Intersegment	0.2	0.1	0.3	0.3
Total	508.7	616.6	1,965.0	2,182.2
Electric Operations				
Unaffiliated	375.5	405.3	771.1	855.5
Intersegment	0.2	0.1	0.4	0.3
Total	375.7	405.4	771.5	855.8
Columbia Pipeline Group Operations				
Unaffiliated	284.3	311.3	581.7	614.5
Intersegment	31.6	32.2	74.0	74.6
Total	315.9	343.5	655.7	689.1
Corporate and Other				
Unaffiliated	0.7	2.0	1.2	3.7
Intersegment	119.5	128.9	249.4	255.7
Total	120.2	130.9	250.6	259.4
Eliminations	(151.5)	(161.3)	(324.1)	(330.9)
Consolidated Gross Revenues	\$ 1,169.0	1,335.1	\$ 3,318.7	3,655.6
Operating Income (Loss)				
Gas Distribution Operations	\$ 49.7	59.8	\$ 374.9	361.6
Electric Operations	45.7	62.9	115.7	141.8
Columbia Pipeline Group Operations	108.6	103.7	271.6	262.6
Corporate and Other ⁽¹⁾	(38.9)	(6.8)	(67.0)	(12.7)
Consolidated Operating Income	\$ 165.1	219.6	\$ 695.2	753.3

⁽¹⁾ Primarily resulting from costs associated with the Separation.

[Table of Contents](#)ITEM 1. FINANCIAL STATEMENTS (continued)**NiSource Inc.****Notes to Condensed Consolidated Financial Statements (unaudited) (continued)****20. Supplemental Cash Flow Information**

The following table provides additional information regarding NiSource's Condensed Statements of Consolidated Cash Flows (unaudited) for the six months ended June 30, 2015 and 2014 :

<i>(in millions)</i>	Six Months Ended June 30,	
	2015	2014
Supplemental Disclosures of Cash Flow Information		
Non-cash transactions:		
Capital expenditures included in current liabilities	\$ 306.1	194.6
Assets acquired under a capital lease	5.5	55.8
Schedule of interest and income taxes paid:		
Cash paid for interest, net of interest capitalized amounts	\$ 225.2	207.6
Cash paid for income taxes	12.7	9.6

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

21. Subsequent Events

Separation of Columbia Pipeline Group . On July 1, 2015, NiSource completed the previously announced Separation of CPG from NiSource through a special pro rata stock dividend distributing one share of CPG common stock for every one share of NiSource common stock held by any NiSource stockholder as of 5:00 p.m. on June 19, 2015, the record date. The Separation resulted in two energy infrastructure companies: NiSource Inc., a fully regulated natural gas and electric utilities company, and CPG, a natural gas pipeline, midstream and storage company. As a stand-alone company, CPG's operations consist of all of NiSource's Columbia Pipeline Group Operations segment prior to the Separation. Effective July 1, 2015, CPG was classified as discontinued operations and will be reported as such in NiSource's quarterly Report on Form 10- for the three and nine months ended September 30, 2015.

On June 30, 2015, NiSource entered into a Separation and Distribution Agreement and several other agreements with CPG to effect the Separation and provide a framework for NiSource's relationship with CPG post-Separation.

As of July 1, 2015, certain tax attributes of the former NiSource consolidated group will be affected by the Separation. These include transfers of attributes to CPG along with changes in allocation and apportionment factors that may alter the size and duration of carryovers and other attributes. The tax attributes and the net deferred tax liabilities will be re-measured and adjusted in the third quarter of 2015.

In connection with and effective upon the Separation, the NiSource Finance revolving credit facility capacity was amended to reduce the amount available from 2.0 billion to 1.5 billion , and extend the termination date to July 1, 2020 .

On July 2, 2015 , NiSource declared a post-Separation dividend of 0.155 per share payable on August 20, 2015 to stockholders of record on July 31, 2015 .

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

NiSource Inc.

Note regarding forward-looking statements

Management's Discussion and Analysis, including statements regarding market risk sensitive instruments, contains "forward-looking statements," within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Investors and prospective investors should understand that many factors govern whether any forward-looking statement contained herein will be or can be realized. Any one of those factors could cause actual results to differ materially from those projected. These forward-looking statements include, but are not limited to, statements concerning NiSource's plans, objectives, expected performance, expenditures, recovery of expenditures through rates, stated on either a consolidated or segment basis, the Separation and any and all underlying assumptions and other statements that are other than statements of historical fact. From time to time, NiSource may publish or otherwise make available forward-looking statements of this nature. All such subsequent forward-looking statements, whether written or oral and whether made by or on behalf of NiSource, are also expressly qualified by these cautionary statements. All forward-looking statements are based on assumptions that management believes to be reasonable; however, there can be no assurance that actual results will not differ materially.

Factors that could cause actual results to differ materially from the projections, forecasts, estimates and expectations discussed in this quarterly Report on Form 10- include, but are not limited to, NiSource's debt obligations and ability to comply with related covenants, changes in NiSource's credit rating, growth opportunities for NiSource's businesses, changes in general economic and market conditions, regulatory rate reviews and proceedings, increased competition in deregulated energy markets, compliance with environmental laws, fluctuations in weather, climate change, natural disasters, acts of terrorism and other catastrophic events, economic conditions in certain industries, fluctuations in the price of energy commodities, counterparty credit risk, any impairment of goodwill and definite-lived intangible assets, changes in taxation or accounting principles, accidents and other operating risks, aging infrastructure, disruptions in information technology and cyber-attacks, NiSource's ability to achieve the intended benefits of the Separation and other matters set forth in the "Risk Factors" section of this Form 10- , many of which are beyond the control of NiSource. In addition, the relative contributions to profitability by each segment, and the assumptions underlying the forward-looking statements relating thereto, may change over time. NiSource expressly disclaims any duty to update, supplement or amend any of its forward-looking statements, whether as a result of new information, subsequent events or otherwise.

The following Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with NiSource's Annual Report on Form 10-K for the fiscal year ended December 31, 2014 .

CONSOLIDATED REVIEW

Separation of Columbia Pipeline Group

On July 1, 2015, NiSource completed the previously announced Separation of CPG from NiSource through a special pro rata stock dividend distributing one share of CPG common stock for every one share of NiSource common stock held by any NiSource stockholder as of 5:00 p.m. on June 19, 2015, for the record date. The Separation resulted in two energy infrastructure companies: NiSource Inc., a fully regulated natural gas and electric utilities company, and CPG, a natural gas pipeline, midstream and storage company. As a stand-alone company, CPG's operations consist of all of NiSource's Columbia Pipeline Group Operations segment prior to the Separation. Refer to Note 21, "Subsequent Events," for additional information.

CPG is included in the following discussion as it was a wholly-owned subsidiary of NiSource as of June 30, 2015. Beginning with NiSource's quarterly Report on Form 10- for the three and nine months ended September 30, 2015, CPG will be reported as discontinued operations.

Executive Summary

NiSource is an energy holding company under the Public Utility Holding Company Act of 2005 whose subsidiaries are engaged in the transmission, storage and distribution of natural gas in the high-demand energy corridor stretching from the Gulf Coast through the Midwest to New England and the generation, transmission and distribution of electricity in Indiana. NiSource generates substantially all of its operating income through these rate-regulated businesses. A significant portion of NiSource's operations is subject to seasonal fluctuations in sales. During the heating season, which is primarily from November through March, net revenues from gas sales are more significant, and during the cooling season, which is primarily from June through September, net revenues from electric sales and transportation services are more significant, than in other months.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

NiSource Inc.

For the six months ended June 30, 2015, net income attributable to NiSource was 232.0 million, or 0.73 per basic share, compared to 344.4 million, or 1.10 per basic share reported for the same period in 2014.

The decrease in net income attributable to NiSource was due primarily to the following items:

A loss on early extinguishment of long-term debt of 97.2 million. Refer to Note 14, "Long-Term Debt," for further information on long-term debt retired in May 2015.

Outside service costs increased by 62.7 million primarily due to costs associated with the Separation.

Employee and administrative expense increased by 41.6 million due primarily to greater labor expense due to a growing workforce.

Depreciation expense increased by 27.1 million due primarily to higher capital expenditures related to projects placed in service. NiSource capital expenditures are projected to be approximately 2.4 billion in 2015, which includes approximately 1.1 billion of expected CPG capital expenditures.

These decreases in net income attributable to NiSource were partially offset by the following:

Demand margin revenue increased by 55.7 million at Columbia Pipeline Group Operations primarily as a result of growth projects placed in service. Refer to the Columbia Pipeline Group Operations' segment discussion for further information on growth projects.

Regulatory and service programs at Gas Distribution Operations increased net revenues by 49.3 million primarily due to the impact of new rates at Columbia of Pennsylvania, Columbia of Virginia and Columbia of Massachusetts, as well as the implementation of rates under Columbia of Ohio's approved infrastructure replacement program. Refer to Note 7, "Regulatory Matters," in this report and in the Notes to Consolidated Financial Statements included in NiSource's Annual Report on Form 10-K for the fiscal year ended December 31, 2014 for more information.

These factors and other impacts to the financial results are discussed in more detail within the following discussions of "Results of Operations" and "Results and Discussion of Segment Operations."

Platform for Growth

Following the Separation, NiSource's business plan will continue to center on commercial and regulatory initiatives and financial management of the balance sheet.

Commercial and Regulatory Initiatives

NiSource's utilities continue to move forward on core infrastructure investment programs supported by complementary regulatory and customer initiatives across several distribution company markets. NiSource utilities remain on track to invest approximately 1.3 billion during 2015 as part of its 30.0 billion long-term regulated utility infrastructure investment opportunities across its natural gas and electric utilities. NiSource's goal is to develop strategies that benefit all stakeholders as it addresses changing customer conservation patterns, develops more contemporary pricing structures, and embarks on long-term investment programs. These strategies will help improve reliability and safety, enhance customer services and reduce emissions while generating sustainable returns.

Gas Distribution Operations

On June 30, 2015, the Hearing Examiner in Columbia of Virginia's pending base rate case recommended specific fixed customer charges for each rate class, addressing the final outstanding issue in the case. The Commission had previously found that the stipulated annual revenue increase of 25.2 million is reasonable. A final order in the case is expected later this year.

Columbia of Pennsylvania's base rate case is progressing on schedule and remains pending before the Pennsylvania PUC. Filed on March 19, 2015, the case supports the continuation of Columbia of Pennsylvania's infrastructure modernization and safety programs. If approved as filed, the case would increase annual revenues by approximately 46.2 million. New rates are expected to go into effect during the fourth quarter of 2015.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

NiSource Inc.

Columbia of Massachusetts' base rate case is also progressing on schedule and remains pending before the Massachusetts DPU. Filed on April 16, 2015, the case seeks to recover costs to support Columbia of Massachusetts' multi-year modernization plan to maintain the safety and reliability of natural gas service for customers. Columbia of Massachusetts has arrived at a settlement agreement in principle with the Attorney General in the case. The settlement agreement is expected to be finalized and filed for approval with the Massachusetts DPU in August 2015.

Electric Operations

On May 26, 2015, NIPSCO, the Indiana Office of Utility Consumer Counselor and some of NIPSCO's largest industrial customers reached a settlement agreement that resolves all concerns raised by the parties in an Indiana Court of Appeals proceeding surrounding NIPSCO's long-term Electric Infrastructure Modernization Plan. As part of the agreement, NIPSCO will file a base rate case, followed by a new seven-year plan in the fourth quarter of 2015.

NIPSCO remains on schedule and on budget with its FGD unit at its Michigan City Generating Station. The approximately 265.0 million project is expected to be placed in service by the end of 2015. This investment, supported with cost recovery, improves air quality and helps ensure NIPSCO's generation fleet remains in compliance with current environmental regulations. The project also helps ensure that NIPSCO can continue offering low-cost, reliable and efficient generating capacity for its customers.

Progress also continued on two major electric transmission projects designed to enhance region-wide system flexibility and reliability. The Greentown-Reynolds project is an approximately 65-mile, 765-kilovolt line being constructed in a joint development agreement with Pioneer Transmission, and the Reynolds-Topeka project is a 100-mile, 345-kilovolt line. Right-of-way acquisition and permitting are under way for both projects and substation construction has begun. These projects involve an investment of approximately 500 million for NIPSCO and are anticipated to be in service by the end of 2018.

Refer to Note 7, "Regulatory Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for a complete discussion of regulatory and commercial matters.

Financial Management of the Balance Sheet

As part of the recapitalization in connection with the Separation, on May 22, 2015, CPG closed its placement of 2,750.0 million in aggregate principal amount of its senior notes, comprised of 500.0 million of 2.45% senior notes due 2018, 750.0 million of 3.30% senior notes due 2020, 1,000.0 million of 4.50% senior notes due 2025 and 500.0 million of 5.80% senior notes due 2045.

CPG made cash payments to NiSource of approximately 2.6 billion from the proceeds of the CPG senior notes offering. In May 2015, using proceeds from the cash payments from CPG, NiSource Finance settled its two bank term loans in the amount of 1,075.0 million and executed a tender offer for 750.0 million consisting of a combination of its 5.25% notes due 2017, 6.40% notes due 2018 and 4.45% notes due 2021. In conjunction with the debt retired, NiSource Finance recorded a 97.2 million loss on early extinguishment of long-term debt, primarily attributable to early redemption premiums.

On February 11, 2015, CPPL completed its IPO of 53.8 million common units representing limited partnership interests. See Note 3, "Columbia Pipeline Partners LP (CPPL)," for additional information.

CPPL maintains a 500.0 million revolving credit facility, of which 50.0 million is available for issuance of letters of credit. The purpose of the facility is to provide cash for general partnership purposes, including working capital, capital expenditures and the funding of capital calls. At June 30, 2015, CPPL had 20.0 million of outstanding borrowings under this facility.

On June 17, 2015, with consideration of the Separation, Moody's affirmed the NiSource senior unsecured rating of Baa2 and commercial paper rating of P-2, with a stable outlook. Additionally, Moody's affirmed NIPSCO's Baa1 rating and affirmed the Baa2 rating for Columbia of Massachusetts. On June 18, 2015, with consideration of the Separation, Standard & Poor's raised the senior unsecured ratings for NiSource and its subsidiaries to BBB and the commercial paper rating to A-2. Standard & Poor's outlook for NiSource and all of its subsidiaries is Stable. On June 18, 2015, Fitch affirmed the senior unsecured ratings for NiSource at BBB-, and the existing ratings of its other rated subsidiaries. Fitch's outlook for NiSource and its subsidiaries is Positive in

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

NiSource Inc.

anticipation of the Separation. Although all ratings continue to be investment grade, a downgrade by Fitch would result in a rating that is below investment grade. NiSource is committed to maintaining its investment grade credit ratings.

Ethics and Controls

NiSource has had a long-term commitment to providing accurate and complete financial reporting as well as high standards for ethical behavior by its employees. NiSource's senior management takes an active role in the development of this Form 10- and the monitoring of the company's internal control structure and performance. In addition, NiSource will continue its mandatory ethics training program for all employees.

For additional information refer to Item 4, "Controls and Procedures."

Results of Operations

Quarter Ended June 30, 2015

Net Income Attributable to NiSource

NiSource reported a net loss of \$36.4 million, or 0.11 per basic share, for the three months ended June 30, 2015, compared to net income of \$78.2 million, or 0.25 per basic share, for the second quarter of 2014. For the three months ended June 30, 2015, NiSource reported a loss from continuing operations of \$36.1 million, or 0.11 per basic share, compared to income from continuing operations of \$78.5 million, or 0.25 per basic share, for the second quarter of 2014. Operating income was \$165.1 million, a decrease of \$54.5 million from the same period in 2014. All per share amounts are basic earnings per share. Basic average shares of common stock outstanding at June 30, 2015 were 317.5 million compared to 315.0 million at June 30, 2014.

Comparability of line item operating results between quarterly periods is impacted by regulatory and tax trackers that allow for the recovery in rates of certain costs such as bad debt expense. Therefore, increases in these tracked operating expenses are offset by increases in net revenues and have essentially no impact on income from continuing operations.

Net Revenues

Total consolidated net revenues (gross revenues less cost of sales) for the quarter ended June 30, 2015, were \$950.4 million, a \$13.0 million decrease from the same period last year. This decrease in net revenues was primarily due to decreased Columbia Pipeline Group Operations' net revenues of \$27.6 million, offset by an increase in Gas Distribution Operations' net revenues of \$15.9 million.

Columbia Pipeline Group Operations' net revenues decreased due primarily to lower regulatory trackers, which are offset in expense, of \$48.1 million and other miscellaneous decreases of \$4.5 million. These decreases were partially offset by increased demand margin revenue of \$25.0 million as a result of growth projects placed in service and new firm contracts.

This decrease to net revenues was partially offset by the following:

Gas Distribution Operations' net revenues increased primarily due to higher regulatory and service programs of \$16.1 million, including the implementation of rates under Columbia of Ohio's approved infrastructure replacement program, as well as the impact of new rates at Columbia of Pennsylvania and Columbia of Virginia. Additionally, there was an increase of \$2.9 million as a result of rent billed to affiliates, offset in expense, and an increase in net revenues of \$1.9 million due to customer increases. These increases were partially offset by lower commercial and residential usage of \$3.3 million and the effects of warmer weather of \$3.0 million.

Operating Expenses

Operating expenses for the second quarter of 2015 were \$799.0 million, an increase of \$44.1 million from the comparable 2014 period. This increase was primarily due to higher operation and maintenance expenses of \$27.9 million, and increased depreciation and amortization of \$18.3 million. The increase in operation and maintenance expenses was primarily due to higher outside service costs of \$37.6 million primarily associated with the Separation, increased employee and administrative costs of \$20.7 million and higher environmental costs of \$9.7 million. These increases were partially offset by decreased regulatory trackers, which are offset in net revenues, of \$44.4 million. The increase in depreciation and amortization is primarily due to higher capital expenditures placed in service.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

NiSource Inc.

Equity Earnings in Unconsolidated Affiliates

Equity Earnings in Unconsolidated Affiliates were 13.7 million during the second quarter of 2015 compared to 11.1 million for the second quarter of 2014. Equity Earnings in Unconsolidated Affiliates includes earnings from investments in Millennium, Hardy Storage and Pennant, which are integral to the Columbia Pipeline Group Operations' business. Equity earnings increased primarily from increased earnings at Pennant.

Other Income (Deductions)

Other Income (Deductions) reduced income by 207.8 million in the second quarter of 2015 compared to a reduction in income of 101.6 million in the prior year. This increase in deductions is primarily attributable to a loss on early extinguishment of long-term debt of 97.2 million and higher interest expense of 8.0 million in 2015.

Income Taxes

Income tax benefit for the quarter ended June 30, 2015 was 15.3 million compared to income tax expense of 39.5 million in the prior year. NiSource's interim effective tax rates reflect the estimated annual effective tax rates for 2015 and 2014, adjusted for tax expense associated with certain discrete items. The effective tax rates for the three months ended June 30, 2015 and 2014 were 35.8% and 33.5%, respectively. These effective tax rates differ from the Federal tax rate of 35% primarily due to the effects of tax credits, state income taxes, utility ratemaking and other permanent book-to-tax differences.

The increase in the three month effective tax rate of 2.3% in 2015 versus 2014 is primarily attributed to the difference in the relative impact of permanent differences over pre-tax loss in 2015 and pre-tax income in 2014. Refer to Note 11, "Income Taxes," in the Notes to Condensed Consolidated Financial Statements (unaudited) for further discussion of income taxes.

Results of Operations

Six Months Ended June 30, 2015

Net Income Attributable to NiSource

NiSource reported net income of 232.0 million, or 0.73 per basic share, for the six months ended June 30, 2015, compared to net income of 344.4 million, or 1.10 per basic share, for the six months ended June 30, 2014. Income from continuing operations was 232.3 million, or 0.73 per basic share, for the six months ended June 30, 2015, compared to income from continuing operations of 344.9 million, or 1.10 per basic share, for the six months ended 2014. Operating income was 695.2 million, a decrease of 58.1 million from the same period in 2014. All per share amounts are basic earnings per share. Basic average shares of common stock outstanding at June 30, 2015 were 317.0 million compared to 314.6 million at June 30, 2014.

Comparability of line item operating results between quarterly periods is impacted by regulatory and tax trackers that allow for the recovery in rates of certain costs such as bad debt expense. Therefore, increases in these tracked operating expenses are offset by increases in net revenues and have essentially no impact on income from continuing operations.

Net Revenues

Total consolidated net revenues (gross revenues less cost of sales) for the six months ended June 30, 2015, were 2,294.1 million, a 71.5 million increase from the same period last year. This increase in net revenues was primarily due to increased Gas Distribution Operations' net revenues of 107.0 million, offset by a decrease in Columbia Pipeline Group Operations' net revenues of 33.4 million.

Gas Distribution Operations' net revenues increased due primarily to higher regulatory and tax trackers, which are offset in expense, of 52.2 million and an increase of 49.3 million for regulatory and service programs, including the impact of new rates at Columbia of Pennsylvania, Columbia of Virginia and Columbia of Massachusetts, as well as the implementation of rates under Columbia of Ohio's approved infrastructure replacement program. Additionally, there were higher net revenues of 6.3 million resulting from rent billed to affiliates, offset in expense.

This increase to net revenues was partially offset by the following:

Columbia Pipeline Group Operations' net revenues decreased due primarily to lower regulatory trackers, which are offset in expense, of 75.5 million and decreased mineral rights royalty revenue of 4.1 million. These decreases were partially offset by increased demand margin revenue of 55.7 million as a result of growth projects placed in service and new firm contracts.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

NiSource Inc.

Operating Expenses

Operating expenses for the six months ended 2015 were 1,628.0 million, an increase of 137.8 million from the same 2014 period. This increase was primarily due to higher operation and maintenance expenses of 100.8 million and increased depreciation and amortization of 27.1 million. The increase in operation and maintenance expenses was primarily due to higher outside service costs of 62.7 million primarily associated with the Separation, increased employee and administrative costs of 41.6 million and higher environmental costs of 12.1 million. These increases were partially offset by a decrease in regulatory trackers, offset in net revenues, of 19.7 million. The increase in depreciation and amortization is primarily due to higher capital expenditures placed in service.

Equity Earnings in Unconsolidated Affiliates

Equity Earnings in Unconsolidated Affiliates were 29.1 million during the six months ended June 30, 2015 compared to 20.9 million for the six months ended June 30, 2014. Equity Earnings in Unconsolidated Affiliates includes earnings from investments in Millennium, Hardy Storage and Pennant, which are integral to the Columbia Pipeline Group Operations' business. Equity earnings increased primarily from increased earnings at Pennant and Millennium.

Other Income (Deductions)

Other Income (Deductions) reduced income by 311.7 million for the six months ended June 30, 2015 compared to a reduction in income of 206.2 million in the prior year. This increase in deductions is primarily attributable to a loss on early extinguishment of long-term debt of 97.2 million and higher interest expense of 9.9 million in 2015.

Income Taxes

Income tax expense for the six months ended June 30, 2015 was 135.6 million compared to 202.2 million in the prior year. NiSource's interim effective tax rates reflect the estimated annual effective tax rates for 2015 and 2014, adjusted for tax expense associated with certain discrete items. The effective tax rates for the six months ended June 30, 2015 and 2014 were 35.4% and 37.0%, respectively. These effective tax rates differ from the Federal tax rate of 35% primarily due to the effects of tax credits, state income taxes, utility ratemaking, and other permanent book-to-tax differences.

The decrease in the six month effective tax rate of 1.6% is primarily due to the impact of the Indiana rate change in 2014 and pass through benefits of NiSource's non-controlling interests, offset by the effects of ratemaking. Refer to Note 11, "Income Taxes," in the Notes to Condensed Consolidated Financial Statements (unaudited) for further discussion of income taxes.

Liquidity and Capital Resources

A significant portion of NiSource's operations, most notably in the gas distribution, gas transportation and electric businesses, are subject to seasonal fluctuations in cash flow. During the heating season, which is primarily from November through March, cash receipts from gas sales and transportation services typically exceed cash requirements. During the summer months, cash on hand, together with the seasonal increase in cash flows from the electric business during the summer cooling season and external short-term and long-term financing, is used to purchase gas to place in storage for heating season deliveries and perform necessary maintenance of facilities. NiSource believes that through income generated from operating activities, amounts available under its short-term revolving credit facility, commercial paper program, long-term debt agreements and NiSource's ability to access the capital markets, there is adequate capital available to fund its operating activities and capital expenditures in 2015.

Operating Activities

Net cash from operating activities for the six months ended June 30, 2015 was 1,115.6 million, an increase of 464.6 million compared to the six months ended June 30, 2014. The increase in net cash from operating activities was primarily due to an increase in overrecovered gas and fuel costs and accounts receivable working capital accounts as a result of lower gas prices and warmer weather in the first half of 2015 compared to the same period in 2014.

Pension and Other Postretirement Plan Funding. NiSource expects to make contributions of approximately 3.5 million to its pension plans and approximately 34.8 million to its other postretirement benefit plans in 2015, which could change depending on market conditions. For the six months ended June 30, 2015, NiSource has contributed 1.4 million to its pension plans and 15.2 million to its other postretirement benefit plans.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

NiSource Inc.

Investing Activities

NiSource's capital expenditures for the six months ended June 30, 2015 were 991.1 million, compared to 852.9 million for the comparable period in 2014. This increased spending is mainly due to higher spending in the Columbia Pipeline Group Operations segment on various growth projects primarily in the Marcellus and Utica Shale areas and for expenditures under the modernization program. NiSource projects 2015 capital expenditures to be approximately 2.4 billion, which includes approximately 1.1 billion of expected CPG capital expenditures.

Restricted cash was 25.2 million and 24.9 million as of June 30, 2015 and December 31, 2014, respectively.

Net distributions to equity investees were 2.2 million for the six months ended June 30, 2015, compared to net contributions of 54.8 million for the comparable period in 2014. Refer to the Columbia Pipeline Group Operations' segment discussion for further information on equity investments.

Financing Activities

Columbia Pipeline Partners LP. CPPL received net proceeds of 1,168.4 million from its IPO completed on February 11, 2015.

Long-term Debt. Refer to Note 14, "Long-term Debt," in the Notes to Condensed Consolidated Financial Statements (unaudited) for information on long-term debt.

Credit Facilities. During the second quarter of 2015, NiSource Finance maintained a 2.0 billion revolving credit facility with a syndicate of banks led by Barclays Capital with a termination date of September 28, 2018. The purpose of the facility is to fund ongoing working capital requirements including the provision of liquidity support for NiSource's 1.5 billion commercial paper program, provide for issuance of letters of credit, and also for general corporate purposes. Upon the Separation, the NiSource Finance revolving credit facility capacity was reduced from 2.0 billion to 1.5 billion, and the termination date was extended to July 1, 2020.

During the second quarter of 2015, CPPL maintained a 500.0 million revolving credit facility, of which 50.0 million was available for issuance of letters of credit. The purpose of the facility is to provide cash for general partnership purposes, including working capital, capital expenditures and the funding of capital calls. At June 30, 2015, CPPL had 20.0 million of outstanding borrowings under this facility.

NiSource Finance's commercial paper program has a program limit of up to 1.5 billion with a dealer group comprised of Barclays, Citigroup, Credit Suisse and Wells Fargo.

NiSource Finance had no borrowings outstanding under its revolving credit facility at June 30, 2015 and 500.0 million at December 31, 2014 at a weighted average interest rate of 1.44%. In addition, NiSource Finance had no commercial paper outstanding at June 30, 2015, and 792.6 million in commercial paper outstanding at December 31, 2014, at a weighted average interest rate of 0.82%.

As of June 30, 2015 and December 31, 2014, NiSource had 141.8 million and 284.3 million, respectively, of short-term borrowings recorded on the Condensed Consolidated Balance Sheets (unaudited) relating to its accounts receivable securitization facilities. See Note 9, "Transfers of Financial Assets," in the Notes to Condensed Consolidated Financial Statements (unaudited).

As of June 30, 2015 and December 31, 2014, NiSource had 30.9 million of stand-by letters of credit outstanding of which 14.7 million were supported by the revolving credit facility.

As of June 30, 2015, an aggregate of 2,604.2 million of credit was available under the credit facilities and accounts receivable securitization programs.

Debt Covenants. NiSource is subject to a financial covenant under its revolving credit facility, which requires NiSource to maintain a debt to capitalization ratio that does not exceed 70%. A similar covenant in a 2005 private placement note purchase agreement requires NiSource to maintain a debt to capitalization ratio that does not exceed 75%. As of June 30, 2015, the ratio was 56.0%.

NiSource is also subject to certain other non-financial covenants under the revolving credit facility. Such covenants include a limitation on the creation or existence of new liens on NiSource's assets, generally exempting liens on utility assets, purchase money security interests, preexisting security interests and an additional subset of assets equal to 150 million. An asset sale covenant generally restricts the sale, lease and/or transfer of NiSource's assets to no more than 10% of its consolidated total assets

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

NiSource Inc.

and dispositions for a price not materially less than the fair market value of the assets disposed of that do not impair the ability of NiSource and NiSource Finance to perform obligations under the revolving credit facility, and that, together with all other such dispositions, would not have a material adverse effect. The revolving credit facility also includes a cross-default provision, which triggers an event of default under the credit facility in the event of an uncured payment default relating to any indebtedness of NiSource or any of its subsidiaries in a principal amount of 50 million or more.

NiSource's indentures generally do not contain any financial maintenance covenants. However, NiSource's indentures are generally subject to cross-default provisions ranging from uncured payment defaults of 5 million to 50 million, and limitations on the incurrence of liens on NiSource's assets, generally exempting liens on utility assets, purchase money security interests, preexisting security interests and an additional subset of assets capped at 10% of NiSource's consolidated net tangible assets.

Sale of Trade Accounts Receivables. Refer to Note 9, "Transfers of Financial Assets," in the Notes to Condensed Consolidated Financial Statements (unaudited) for information on the sale of trade accounts receivable.

All accounts receivable sold to the purchasers are valued at face value, which approximates fair value due to their short-term nature. The amount of the undivided percentage ownership interest in the accounts receivables sold is determined, in part, by required loss reserves under the agreements.

Credit Ratings. On June 17, 2015, with consideration of the Separation, Moody's affirmed the NiSource senior unsecured rating of Baa2 and commercial paper rating of P-2, with a stable outlook. Additionally, Moody's affirmed NIPSCO's Baa1 rating and affirmed the Baa2 rating for Columbia of Massachusetts. On June 18, 2015, with consideration of the Separation, Standard & Poor's raised the senior unsecured ratings for NiSource and its subsidiaries to BBB and the commercial paper rating of A-2. Standard & Poor's outlook for NiSource and all of its subsidiaries is Stable. On June 18, 2015, Fitch affirmed the senior unsecured ratings for NiSource at BBB-, and the existing ratings of its other rated subsidiaries. Fitch's outlook for NiSource and its subsidiaries is Positive in anticipation of the Separation. Although all ratings continue to be investment grade, a downgrade by Fitch would result in a rating that is below investment grade. NiSource is committed to maintaining its investment grade credit ratings.

Certain NiSource affiliates have agreements that contain "ratings triggers" that require increased collateral if the credit ratings of NiSource or certain of its subsidiaries are rated below BBB- by Standard & Poor's or Baa3 by Moody's. These agreements are primarily for insurance purposes and for the physical purchase or sale of power. The collateral requirement that would be required in the event of a downgrade below the ratings trigger levels would amount to approximately 41.3 million as of June 30, 2015. In addition to agreements with ratings triggers, there are other agreements that contain "adequate assurance" or "material adverse change" provisions that could necessitate additional credit support such as letters of credit and cash collateral to transact business.

Contractual Obligations. There were no material changes recorded during the six months ended June 30, 2015 to NiSource's contractual obligations as of December 31, 2014.

Market Risk Disclosures

Risk is an inherent part of NiSource's energy businesses. The extent to which NiSource properly and effectively identifies, assesses, monitors and manages each of the various types of risk involved in its businesses is critical to its profitability. NiSource seeks to identify, assess, monitor and manage, in accordance with defined policies and procedures, the following principal market risks that are involved in NiSource's energy businesses: commodity price risk, interest rate risk and credit risk. Risk management at NiSource is a multi-faceted process with oversight by the Risk Management Committee that requires constant communication, judgment and knowledge of specialized products and markets. NiSource's senior management takes an active role in the risk management process and has developed policies and procedures that require specific administrative and business functions to assist in the identification, assessment and control of various risks. These include but are not limited to market, operational, financial, compliance and strategic risk types. In recognition of the increasingly varied and complex nature of the energy business, NiSource's risk management process, policies and procedures continue to evolve and are subject to ongoing review and modification.

Commodity Price Risk

NiSource is exposed to commodity price risk as a result of its subsidiaries' operations involving natural gas and power. To manage this market risk, NiSource's subsidiaries use derivatives, including commodity futures contracts, swaps and options. NiSource is not involved in speculative energy trading activity.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

NiSource Inc.

Commodity price risk resulting from derivative activities at NiSource's rate-regulated subsidiaries is limited, since regulations allow recovery of prudently incurred purchased power, fuel and gas costs through the ratemaking process, including gains or losses on these derivative instruments. If states should explore additional regulatory reform, these subsidiaries may begin providing services without the benefit of the traditional ratemaking process and may be more exposed to commodity price risk. Some of NiSource's rate-regulated utility subsidiaries offer commodity price risk products to its customers for which derivatives are used to hedge forecasted customer usage under such products. These subsidiaries do not have regulatory recovery orders for these products and are subject to gains and losses recognized in earnings due to hedge ineffectiveness.

There are no material commodity price risk assets or liabilities as of June 30, 2015 and December 31, 2014 .

Interest Rate Risk

NiSource is exposed to interest rate risk as a result of changes in interest rates on borrowings under its revolving credit facility, commercial paper program and accounts receivable programs, which have interest rates that are indexed to short-term market interest rates. Based upon average borrowings and debt obligations subject to fluctuations in short-term market interest rates, an increase (or decrease) in short-term interest rates of 100 basis points (1%) would have increased (or decreased) interest expense by 2.4 million and 7.2 million for the three and six months ended June 30, 2015 , respectively, and 4.2 million and 7.9 million for the three and six months ended June 30, 2014 , respectively.

Credit Risk

Due to the nature of the industry, credit risk is embedded in many of NiSource's business activities. NiSource's extension of credit is governed by a Corporate Credit Risk Policy. In addition, Risk Management Committee guidelines are in place which document management approval levels for credit limits, evaluation of creditworthiness, and credit risk mitigation efforts. Exposures to credit risks are monitored by the Corporate Credit Risk function which is independent of commercial operations. Credit risk arises due to the possibility that a customer, supplier or counterparty will not be able or willing to fulfill its obligations on a transaction on or before the settlement date. For derivative related contracts, credit risk arises when counterparties are obligated to deliver or purchase defined commodity units of gas or power to NiSource at a future date per execution of contractual terms and conditions. Exposure to credit risk is measured in terms of both current obligations and the market value of forward positions net of any posted collateral such as cash and letters of credit.

NiSource closely monitors the financial status of its banking credit providers. NiSource evaluates the financial status of its banking partners through the use of market-based metrics such as credit default swap pricing levels, and also through traditional credit ratings provided by major credit rating agencies.

Fair Value Measurement

NiSource measures certain financial assets and liabilities at fair value. The level of the fair value hierarchy disclosed is based on the lowest level of input that is significant to the fair value measurement. NiSource's financial assets and liabilities include price risk assets and liabilities, available-for-sale securities and a deferred compensation plan obligation.

Exchange-traded derivative contracts are generally based on unadjusted quoted prices in active markets and are classified within Level 1. These financial assets and liabilities are secured with cash on deposit with the exchange; therefore nonperformance risk has not been incorporated into these valuations. Certain non-exchange-traded derivatives are valued using broker or over-the-counter, on-line exchanges. In such cases, these non-exchange-traded derivatives are classified within Level 2. Non-exchange-based derivative instruments include swaps, forwards and options. In certain instances, NiSource may utilize models to measure fair value. Valuation models utilize various inputs that include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, other observable inputs for the asset or liability and market-corroborated inputs, i.e., inputs derived principally from or corroborated by observable market data by correlation or other means. Where observable inputs are available for substantially the full term of the asset or liability, the instrument is categorized in Level 2. Certain derivatives trade in less active markets with a lower availability of pricing information and models may be utilized in the valuation. When such inputs have a significant impact on the measurement of fair value, the instrument is categorized in Level 3. Credit risk is considered in the fair value calculation of derivative instruments that are not exchange-traded. Credit exposures are adjusted to reflect collateral agreements which reduce exposures.

Refer to Note 8, "Fair Value" in the Notes to the Condensed Consolidated Financial Statements (unaudited) for additional information on NiSource's fair value measurements.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

NiSource Inc.

Off Balance Sheet Arrangements

As a part of normal business, NiSource and certain subsidiaries enter into various agreements providing financial or performance assurance to third parties on behalf of certain subsidiaries. Such agreements include guarantees and stand-by letters of credit.

Refer to Note 17, "Other Commitments and Contingencies," in the Notes to Condensed Consolidated Financial Statements (unaudited) for additional information about NiSource's off balance sheet arrangements.

Other Information

Critical Accounting Policies

There were no significant changes to critical accounting policies for the period ended June 30, 2015 .

Recently Issued Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)* . ASU 2014-09 outlines a single, comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In July 2015, the FASB deferred the effective date for ASU 2014-09 to annual reporting periods beginning after December 15, 2017, including interim periods. Companies are permitted to adopt ASU 2014-09 on the original effective date of the ASU. NiSource is currently evaluating the impact the adoption of ASU 2014-09 will have on its Condensed Consolidated Financial Statements (unaudited) or Notes to Condensed Consolidated Financial Statements (unaudited).

In April 2015, the FASB issued ASU 2015-05, *Intangibles - Goodwill and Other-Internal-Use Software (Subtopic 350-40): Customer's Accounting for Fees Paid in a Cloud Computing Arrangement*. ASU 2015-05 clarifies guidance on determining whether a cloud computing arrangement contains a software license that should be accounted for as internal-use software. NiSource is required to adopt ASU 2015-05 for periods beginning after December 15, 2015, including interim periods, and the guidance is permitted to be applied either (1) prospectively to all agreements entered into or materially modified after the effective date or (2) retrospectively, with early adoption permitted. NiSource is currently evaluating the impact the adoption of ASU 2015-05 will have on the Condensed Consolidated Financial Statements (unaudited) or Notes to Condensed Consolidated Financial Statements (unaudited).

In April 2015, the FASB issued ASU 2015-03, *Interest - Imputation of Interest (Subtopic 835-30) : Simplifying the Presentation of Debt Issuance Costs* . ASU 2015-03 changes the way entities present debt issuance costs in financial statements by presenting issuance costs on the balance sheet as a direct deduction from the related debt liability rather than as a deferred charge. Amortization of these costs will continue to be reported as interest expense. NiSource is required to adopt ASU 2015-03 for periods beginning after December 15, 2015, including interim periods, and the guidance is to be applied retrospectively with early adoption permitted. NiSource is currently evaluating the impact the adoption of ASU 2015-03 will have on the Condensed Consolidated Financial Statements (unaudited) or Notes to Condensed Consolidated Financial Statements (unaudited).

In February 2015, the FASB issued ASU 2015-02, *Consolidation (Topic 810): Amendments to the Consolidation Analysis* . ASU 2015-02 amends consolidation guidance by including changes to the variable and voting interest models used by entities to evaluate whether an entity should be consolidated. NiSource is required to adopt ASU 2015-02 for periods beginning after December 15, 2015, including interim periods, and the guidance is to be applied retrospectively or using a modified retrospective approach, with early adoption permitted. NiSource is currently evaluating the impact the adoption of ASU 2015-02 will have on the Condensed Consolidated Financial Statements (unaudited) or Notes to Condensed Consolidated Financial Statements (unaudited).

NiSource Inc.

RESULTS AND DISCUSSION OF SEGMENT OPERATIONS

Presentation of Segment Information

NiSource's operations are divided into three primary business segments: Gas Distribution Operations, Columbia Pipeline Group Operations and Electric Operations. Refer to Note 21, "Subsequent Events," in the Notes to the Condensed Consolidated Financial Statements (unaudited) for additional information regarding the Separation and the treatment of CPG as discontinued operations effective July 1, 2015, which contains all of the operations of the Columbia Pipeline Group Operations segment.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)
**NiSource Inc.
Gas Distribution Operations**

<i>(in millions)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Net Revenues				
Sales revenues	\$ 508.7	616.6	\$ 1,965.0	2,182.2
Less: Cost of gas sold (excluding depreciation and amortization)	133.4	257.2	856.0	1,180.2
Net Revenues	375.3	359.4	1,109.0	1,002.0
Operating Expenses				
Operation and maintenance	226.0	206.8	517.8	435.6
Depreciation and amortization	58.2	54.1	114.3	106.3
Gain on sale of assets	—	(0.2)	—	(0.2)
Other taxes	41.4	38.9	102.0	98.7
Total Operating Expenses	325.6	299.6	734.1	640.4
Operating Income	\$ 49.7	59.8	\$ 374.9	361.6
Revenues (\$ in millions)				
Residential	\$ 345.1	391.1	\$ 1,360.0	1,396.9
Commercial	107.5	129.4	476.9	495.7
Industrial	46.2	48.1	134.2	132.4
Off System	18.5	65.9	57.3	137.8
Other	(8.6)	(17.9)	(63.4)	19.4
Total	\$ 508.7	616.6	\$ 1,965.0	2,182.2
Sales and Transportation (MMDth)				
Residential	30.4	35.0	183.5	191.5
Commercial	25.1	27.4	113.8	117.5
Industrial	123.6	121.7	270.4	258.5
Off System	6.0	14.2	19.5	28.5
Other	(2.0)	(0.3)	(2.0)	(0.1)
Total	183.1	198.0	585.2	595.9
Heating Degree Days	489	555	3,893	3,992
Normal Heating Degree Days	599	599	3,491	3,491
% (Warmer) Colder than Normal	(18)%	(7)%	12%	14%
Customers				
Residential			3,070,555	3,051,277
Commercial			280,329	278,776
Industrial			7,717	7,546
Other			938	14
Total			3,359,539	3,337,613

NiSource's Gas Distribution Operations serve approximately 3.4 million customers in seven states: Ohio, Indiana, Pennsylvania, Massachusetts, Virginia, Kentucky and Maryland. The regulated subsidiaries offer both traditional bundled services as well as transportation only for customers that purchase gas from alternative suppliers. The operating results reflect the temperature-sensitive nature of customer demand with 73% of annual residential and commercial throughput affected by seasonality. As a result, segment operating income is higher in the first and fourth quarters reflecting the heating demand during the winter season.

Regulatory Matters

Refer to Note 7, "Regulatory Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for information on significant rate developments and cost recovery and trackers for the Gas Distribution Operations segment.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

NiSource Inc.
Gas Distribution Operations

Customer Usage. Increased efficiency of natural gas appliances and improvements in home building codes and standards has contributed to a long-term trend of declining average use per customer. Residential and commercial usage for the six months ended June 30, 2015 decreased from the same period last year primarily due to warmer weather compared to the prior year. While historically, rate design at the distribution level has been structured such that a large portion of cost recovery is based upon throughput, rather than in a fixed charge, operating costs are largely incurred on a fixed basis, and do not fluctuate due to changes in customer usage. As a result, the NiSource LDCs have pursued changes in rate design to more effectively match recoveries with costs incurred. Each of the states in which the NiSource LDCs operate have different requirements regarding the procedure for establishing changes to rate design. Columbia of Ohio restructured its rate design through a base rate proceeding and has adopted a "de-coupled" rate design which more closely links the recovery of fixed costs with fixed charges. Columbia of Massachusetts and Columbia of Virginia received regulatory approval of decoupling mechanisms which adjust revenues to an approved benchmark level through a volumetric adjustment factor. Columbia of Maryland has received regulatory approval to implement a residential class revenue normalization adjustment, a decoupling mechanism whereby monthly revenues that exceed or fall short of approved levels are reconciled in subsequent months. In a prior base rate proceeding, Columbia of Pennsylvania implemented a residential weather normalization adjustment charge. In a prior base rate proceeding, NIPSCO implemented a higher fixed customer charge for residential and small customer classes moving toward full straight fixed variable rate design.

Environmental Matters

Currently, various environmental matters impact the Gas Distribution Operations segment. As of June 30, 2015, reserves have been recorded to cover probable environmental response actions. Refer to Note 17-C, "Other Commitments and Contingencies - Environmental Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for additional information regarding environmental matters for the Gas Distribution Operations segment.

Weather

In general, NiSource calculates the weather related revenue variance based on changing customer demand driven by weather variance from normal heating degree-days. Normal is evaluated using heating degree days across the NiSource distribution region. While the temperature base for measuring heating degree days (i.e. the estimated average daily temperature at which heating load begins) varies slightly across the region, the NiSource composite measurement is based on 65 degrees. NiSource composite heating degree days reported do not directly correlate to the weather related dollar impact on the results of Gas Distribution Operations. Heating degree days experienced during different times of the year or in different operating locations may have more or less impact on volume and dollars depending on when and where they occur. When the detailed results are combined for reporting, there may be weather related dollar impacts on operations when there is not an apparent or significant change in the aggregated NiSource composite heating degree-day comparison.

Weather in the Gas Distribution Operations' territories for the second quarter of 2015 was 18% warmer than normal and 12% warmer than the second quarter of 2014.

Weather in the Gas Distribution Operations' territories for the six months ended June 30, 2015 was 12% colder than normal and 2% warmer than the same period in 2014.

Throughput

Total volumes sold and transported of 183.1 MMDth for the second quarter of 2015 decreased by 14.9 MMDth from the same period last year. This 8% decrease in volumes was primarily attributable to lower off-system sales.

Total volumes sold and transported of 585.2 MMDth for the six months ended June 30, 2015 decreased by 10.7 MMDth from the same period last year. This 2% decrease in volume was primarily attributable to warmer weather.

Net Revenues

Net revenues for the second quarter of 2015 were 375.3 million, an increase of 15.9 million from the same period in 2014. The increase in net revenues is due primarily to higher regulatory and service programs of 16.1 million, including the implementation of rates under Columbia of Ohio's approved infrastructure replacement program, as well as the impact of new rates at Columbia of Pennsylvania and Columbia of Virginia. Additionally, there was an increase of 2.9 million as a result of rent billed to affiliates, offset in expense, and an increase in net revenues of 1.9 million due to customer increases. These increases were partially offset by lower commercial and residential usage of 3.3 million and the effects of warmer weather of 3.0 million.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

NiSource Inc.

Gas Distribution Operations

Net revenues for the six months ended June 30, 2015 were 1,109.0 million, an increase of 107.0 million from the same period in 2014. The increase in net revenues is due primarily to higher regulatory and tax trackers, which are offset in expense, of 52.2 million and an increase of 49.3 million for regulatory and service programs, including the impact of new rates at Columbia of Pennsylvania, Columbia of Virginia and Columbia of Massachusetts, as well as the implementation of rates under Columbia of Ohio's approved infrastructure replacement program. Additionally, there were higher net revenues of 6.3 million resulting from rent billed to affiliates, offset in expense.

At NIPSCO, sales revenues and customer billings are adjusted for amounts related to under and over-recovered purchased gas costs from prior periods per regulatory order. These amounts are primarily reflected in the "Other" gross revenues statistic provided at the beginning of this segment discussion. The adjustment to Other gross revenues for the three and six months ended June 30, 2015 was a revenue decrease of 29.2 million and 92.8 million, respectively, compared to a revenue decrease of 31.8 million and 0.3 million for the three and six months ended June 30, 2014, respectively.

Operating Income

For the second quarter of 2015, Gas Distribution Operations reported operating income of 49.7 million, a decrease of 10.1 million from the comparable 2014 period. Operating income decreased as a result of higher operating expenses, partially offset by increased net revenues, as described above. Operating expenses were 26.0 million higher than the comparable period reflecting increased employee and administrative expenses of 11.8 million, higher depreciation of 4.1 million, increased outside service costs of 2.6 million and increased other taxes of 2.5 million.

For the six months ended June 30, 2015, Gas Distribution Operations reported operating income of 374.9 million, an increase of 13.3 million from the comparable 2014 period. Operating income increased as a result of higher net revenues, as described above, partially offset by increased operating expenses. Operating expenses were 93.7 million higher than the comparable period reflecting increased regulatory and tax trackers, which are offset in net revenues, of 52.2 million, higher employee and administrative expenses of 18.0 million, increased depreciation of 8.0 million, higher outside service costs of 6.2 million and increased other taxes of 3.8 million.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)
**NiSource Inc.
Electric Operations**

<i>(in millions)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Net Revenues				
Sales revenues	\$ 375.7	405.4	\$ 771.5	855.8
Less: Cost of sales (excluding depreciation and amortization)	116.6	146.3	242.3	326.7
Net Revenues	259.1	259.1	529.2	529.1
Operating Expenses				
Operation and maintenance	129.3	122.2	249.5	234.7
Depreciation and amortization	68.5	60.1	130.7	120.5
Gain on sale of assets	—	(0.1)	—	(0.1)
Other taxes	15.6	14.0	33.3	32.2
Total Operating Expenses	213.4	196.2	413.5	387.3
Operating Income	\$ 45.7	62.9	\$ 115.7	141.8
Revenues (\$ in millions)				
Residential	\$ 94.3	100.2	\$ 207.9	213.4
Commercial	107.5	108.7	218.0	214.9
Industrial	160.9	172.0	335.9	351.7
Wholesale	2.5	0.3	8.8	21.7
Other	10.5	24.2	0.9	54.1
Total	\$ 375.7	405.4	\$ 771.5	855.8
Sales (Gigawatt Hours)				
Residential	716.9	793.2	1,582.7	1,689.4
Commercial	929.1	964.9	1,869.1	1,900.4
Industrial	2,295.0	2,455.8	4,720.4	5,062.9
Wholesale	1.0	12.1	117.9	323.9
Other	34.5	34.9	69.1	68.3
Total	3,976.5	4,260.9	8,359.2	9,044.9
Cooling Degree Days	229	276	229	276
Normal Cooling Degree Days	229	229	229	229
% Colder than Normal	—%	21%	—%	21%
Electric Customers				
Residential			402,955	401,671
Commercial			54,762	54,303
Industrial			2,357	2,370
Wholesale			747	767
Other			4	6
Total			460,825	459,117

NiSource generates and distributes electricity, through its subsidiary NIPSCO, to approximately 461 thousand customers in 20 counties in the northern part of Indiana. The operating results reflect the temperature-sensitive nature of customer demand with annual sales affected by temperatures in the northern part of Indiana. As a result, segment operating income is generally higher in the second and third quarters, reflecting cooling demand during the summer season.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

NiSource Inc.
Electric Operations

Electric Supply

On October 31, 2014, NIPSCO submitted its 2014 Integrated Resource Plan with the IURC. The plan evaluates demand-side and supply-side resource alternatives to reliably and cost-effectively meet NIPSCO customers' future energy requirements over the next twenty years. Existing resources are expected to be sufficient, assuming favorable outcomes for environmental upgrades, to meet customers' needs into the next decade. NIPSCO continues to monitor and assess economic, regulatory and legislative activity, and will update its resource plan as appropriate.

Regulatory Matters

Refer to Note 7, "Regulatory Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for information on significant rate developments and cost recovery and trackers for the Electric Operations segment.

Environmental Matters

Currently, various environmental matters impact the Electric Operations segment. As of June 30, 2015, a reserve has been recorded to cover probable and estimable environmental response actions. Refer to Note 17-C, "Other Commitments and Contingencies - Environmental Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for additional information regarding environmental matters for the Electric Operations segment.

Transmission Upgrade Agreements

On February 11, 2014, NIPSCO entered into two TUAs with upgrade sponsors to complete upgrades on NIPSCO's transmission system on behalf of those sponsors. The upgrade sponsors agreed to reimburse NIPSCO for the total cost to construct transmission upgrades and place them into service, multiplied by a rate of 1.71 ("the multiplier").

On June 10, 2014, certain upgrade sponsors for both TUAs, filed a complaint at the FERC against NIPSCO regarding the multiplier stated in the TUAs. On June 30, 2014, NIPSCO filed an answer defending the terms of the TUAs and the just and reasonable nature of the multiplier charged therein and moved for dismissal of the complaint. On December 8, 2014, the FERC issued an order in response to the complaint finding that it is appropriate for NIPSCO to recover, through the multiplier, substantiated costs of ownership related to the TUAs. The FERC set for hearing the issue of what constitutes the incremental costs NIPSCO will incur, but is holding that hearing in abeyance to allow for settlement. NIPSCO will continue to monitor developments in this matter and does not believe the impact is material to the Condensed Consolidated Financial Statements (unaudited).

Sales

Electric Operations sales quantities for the second quarter of 2015 were 3,976.5 gwh, a decrease of 284.4 gwh compared to the second quarter of 2014. The 6.7% decrease is primarily attributable to decreases in industrial usage, which was caused by a reduction in steel production due to the high levels of imports that have impacted the steel market since the start of 2015.

Electric Operations sales quantities for the six months ended June 30, 2015 were 8,359.2 gwh, a decrease of 685.7 gwh compared to the same period in 2014. The 7.6% decrease is primarily attributable to decreases in sales for resale and industrial usage. The decreases in sales for resale relate to increased opportunities for off-system sales during the first quarter of 2014 due to the cold weather that occurred during that period. The decrease in industrial usage was primarily attributable to a reduction in steel production due to the high level of imports that have impacted the steel market since the start of 2015.

Net Revenues

Net revenues for the second quarter of 2015 were 259.1 million, consistent with the same period in 2014. Trackers, which are offset in expense, increased net revenues by 5.7 million which were offset by lower industrial, residential and commercial usage of 6.0 million.

Net revenues for the six months ended June 30, 2015 were 529.2 million, an increase of 0.1 million from the same period in 2014. The increase in net revenues is due primarily to increased trackers, which are offset in expense, of 7.9 million, and higher net revenues of 5.2 million as a result of two electric transmission projects authorized by the MISO. Additionally, there were decreased fuel handling costs of 4.0 million and a higher return on the environmental capital investment recovery program of 3.8 million due to an increased plant balance eligible for recovery. These increases in net revenues were partially offset by lower off-system sales of 8.6 million, decreased industrial usage of 7.2 million and the effects of weather of 5.8 million.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

NiSource Inc.
Electric Operations

At NIPSCO, sales revenues and customer billings are adjusted for amounts related to under and over-recovered purchased fuel costs from prior periods per regulatory order. These amounts are primarily reflected in the "Other" gross revenues statistic provided at the beginning of this segment discussion. The adjustment to Other gross revenues for the three and six months ended June 30, 2015 was a revenue decrease of 2.0 million and 24.7 million, respectively, compared to a revenue increase of 10.5 million and 30.8 million for the three and six months ended June 30, 2014, respectively.

Operating Income

For the second quarter of 2015, Electric Operations reported operating income of 45.7 million, a decrease of 17.2 million from the comparable 2014 period. Operating income decreased as a result of higher operating expenses. Operating expenses increased 17.2 million due primarily to higher environmental costs of 7.7 million, increased trackers, which are offset in net revenues, of 5.7 million and increased depreciation of 4.9 million.

For the six months ended June 30, 2015, Electric Operations reported operating income of 115.7 million, a decrease of 26.1 million from the comparable 2014 period. Operating income decreased as a result of higher operating expenses offset by increased net revenues, as described above. Operating expenses increased 26.2 million due primarily to higher environmental costs of 10.0 million, increased trackers, which are offset in net revenues, of 7.9 million and increased depreciation of 5.4 million.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

NiSource Inc.
Columbia Pipeline Group Operations

<i>(in millions)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Net Revenues				
Transportation revenues	\$ 211.3	181.5	\$ 462.4	403.8
Storage revenues	49.0	49.3	99.0	99.2
Other revenues	55.6	112.7	94.3	186.1
Total Sales Revenues	315.9	343.5	655.7	689.1
Less: Cost of sales (excluding depreciation and amortization)	0.1	0.1	0.2	0.2
Net Revenues	315.8	343.4	655.5	688.9
Operating Expenses				
Operation and maintenance	176.4	205.1	322.2	370.8
Depreciation and amortization	33.9	28.8	66.4	58.5
Gain on sale of assets	(8.3)	(0.3)	(13.6)	(17.8)
Other taxes	18.9	17.2	38.0	35.7
Total Operating Expenses	220.9	250.8	413.0	447.2
Equity Earnings in Unconsolidated Affiliates	13.7	11.1	29.1	20.9
Operating Income	\$ 108.6	103.7	\$ 271.6	262.6
Throughput (MMDth)				
Columbia Transmission	215.3	194.2	706.3	653.7
Columbia Gulf	137.3	145.4	283.0	330.3
Crossroads Pipeline	3.5	3.5	8.6	9.2
Intrasegment eliminations	(11.4)	(21.6)	(40.1)	(83.2)
Total ⁽¹⁾	344.7	321.5	957.8	910.0

⁽¹⁾This amount excludes storage injections.

NiSource's Columbia Pipeline Group Operations subsidiaries own and operate approximately 15,000 miles of interstate pipelines and operate one of the nation's largest underground natural gas storage systems, capable of operationally storing approximately 622 Bcf of natural gas. Through its subsidiaries, Columbia Transmission, Columbia Gulf, Columbia Midstream and Crossroads Pipeline, NiSource owns and operates an interstate pipeline network extending from the Gulf of Mexico to New York and the eastern seaboard. Together, these companies serve customers in 16 northeastern, mid-Atlantic, Midwestern and southern states and the District of Columbia.

Columbia Pipeline Group Operations' most significant projects are as follows:

West Side Expansion (Columbia Gulf-Bi-Directional) . This project will increase capacity by up to 540,000 Dth/d to transport Marcellus production originating in West Virginia to Gulf Coast markets on the Columbia Gulf system. A portion of the project was placed in service in the fourth quarter of 2014 and the remaining portion will be placed in service in the third quarter of 2015. The total investment for the project is 113 million.

Chesapeake LNG . This approximately 28 million project was placed into service the second quarter of 2015 and replaced 120,000 Dth/d of existing LNG peak shaving facilities nearing the end of their useful lives.

Big Pine Expansion . The Columbia Pipeline Group Operations segment is investing approximately 65 million to extend the Big Pine pipeline and add compression facilities that will add incremental capacity. The project will support Marcellus shale production in western Pennsylvania. The Columbia Pipeline Group Operations segment expects the project piping to be placed in service in the third quarter of 2015 and the compression to be placed in service in 2016.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

NiSource Inc.
Columbia Pipeline Group Operations

East Side Expansion . The Columbia Pipeline Group Operations segment has received FERC authorization to construct facilities to provide access for production from the Marcellus shale to northeastern and mid-Atlantic markets. The approximately \$275 million project will add 312,000 Dth/d of capacity and is expected to be placed in service in the fourth quarter of 2015.

Washington County Gathering . A producer has contracted with us to build an approximately 20 mile gas gathering system in southwestern Pennsylvania. The Columbia Pipeline Group Operations segment expects to invest approximately \$120 million through 2018 with initial project in-service in the third quarter of 2015.

Kentucky Power Plant Project . The Columbia Pipeline Group Operations segment expects to invest approximately \$25 million to construct 2.7 miles of 16-inch pipeline and other facilities to a power plant near Columbia Transmission's Line P. This project will provide up to 72,000 Dth/d of new firm service and will be placed in service in the second quarter of 2016.

Utica Access Project . The Columbia Pipeline Group Operations segment expects to invest approximately \$50 million to construct 4.7 miles of 24-inch pipeline to provide 205,000 Dth/d of new firm transportation to provide Utica production access to liquid trading points on Columbia Transmission's system. This project is expected to be placed in service in the fourth quarter of 2016.

Gibraltar Project. The Columbia Pipeline Group Operations segment intends to invest approximately \$275 million to construct an approximately 1 MMDth/d dry gas header pipeline in southwest Pennsylvania. The Columbia Pipeline Group Operations segment expects this to be the first of multiple phases with an initial in-service in the third quarter of 2016.

Leach XPress . This project will provide approximately 1.5 MMDth/d of capacity from the Marcellus and Utica production regions to the Leach compressor station located on the Columbia Gulf system, TCO Pool, and other markets on the Columbia Transmission system. The Columbia Pipeline Group Operations segment expects the project, which involves an estimated investment of \$1.4 billion, to be placed in service in the fourth quarter of 2017.

Rayne XPress. This project will transport approximately 1 MMDth/d of southwest Marcellus and Utica production from the Leach, Kentucky interconnect with Columbia Transmission towards the Rayne compressor station in southern Louisiana to reach various Gulf Coast markets. The Columbia Pipeline Group Operations segment expects the project, which involves an estimated investment of \$380 million, to be placed in service in the fourth quarter of 2017.

Millennium Lateral. The Columbia Pipeline Group Operations segment intends to invest approximately \$20 million through its ownership stake in Millennium Pipeline to construct approximately 8 miles of 16-inch pipeline to a new power plant situated near Waywayanda, New York. This project will provide up to 127,000 Dth/d of new firm capacity and will be placed in service in the fourth quarter of 2017.

Cameron Access Project. This project, which involves an investment of approximately \$310 million, will provide 800,000 Dth/d of transportation capacity on the Columbia Gulf system to the Cameron LNG export terminal in Louisiana. The Columbia Pipeline Group Operations segment expects the project to be placed in service in the first quarter of 2018.

WB XPress . This project, which involves an investment of approximately \$850 million, will expand Columbia Transmission's WB system in order to transport approximately 1.3 MMDth/d of Marcellus production to pipeline interconnects and East Coast markets, including access to the Cove Point LNG terminal. The Columbia Pipeline Group Operations segment expects this project to be placed in service in the fourth quarter of 2018.

Mountaineer XPress. This approximately \$2 billion project will provide new takeaway capacity for Marcellus and Utica production. The project, which is expected to be placed in service in the fourth quarter of 2018, will provide up to 2.7 MMDth/d of firm transportation capacity on the Columbia Transmission system.

Gulf XPress. Gulf XPress will provide 860,000 Dth/d of firm transportation capacity for Marcellus and Utica production on the Columbia Gulf system. This project involves an investment of approximately \$0.7 billion and is expected to be placed in service in the fourth quarter of 2018.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

**NiSource Inc.
Columbia Pipeline Group Operations**

Equity Investments

Pennant. Columbia Midstream entered into a 50:50 joint venture in 2012 with affiliates of Hilcorp to construct new wet natural gas gathering pipeline infrastructure and NGL processing facilities to support natural gas production in the Utica Shale region of northeastern Ohio and western Pennsylvania. Columbia Midstream and Hilcorp jointly own Pennant with Columbia Midstream serving as the operator of Pennant and the facilities. NiSource accounts for the joint venture under the equity method of accounting.

During the second quarter of 2015, Columbia Midstream made no contributions to Pennant and made contributions of 23.8 million

to Pennant during the second quarter of 2014. No contributions were made to Pennant for the six months ended June 30, 2015 and contributions of 52.2 million were made for the six months ended June 30, 2014. Pennant distributed 1.5 million of earnings and returned 0.9 million of capital to Columbia Midstream during the three months ended June 30, 2015. No distributions were received from Pennant during the three months ended June 30, 2014. Pennant distributed 2.7 million of earnings and returned 2.2 million of capital to Columbia Midstream during the six months ended June 30, 2015. No distributions were received from Pennant during the six months ended June 30, 2014.

Millennium. The Millennium system is a FERC-regulated interstate natural gas transportation pipeline system, which consists of approximately 253 miles of natural gas transmission pipeline and three compressor stations with approximately 43,000 hp of installed capacity. Millennium transports an average of 1 Bcf/d of natural gas sourced from the Marcellus shale to markets across New York's Southern Tier and lower Hudson Valley, as well as to the New York City markets through its pipeline interconnections. Columbia Transmission owns a 47.5% interest in Millennium and acts as operator for the pipeline in partnership with DTE Millennium Company and National Grid Millennium LLC, which each own an equal remaining share of the company.

During the second quarter of 2015 and 2014, Columbia Transmission made no contributions to Millennium. During the six months ended June 30, 2015, Columbia Transmission made no contributions to Millennium Pipeline, and contributed 2.6 million for the six months ended June 30, 2014. Columbia Transmission received distributions of earnings of 7.6 million and 4.8 million for the three months ended June 30, 2015 and 2014, respectively, and 24.2 million and 11.9 million for the six months ended June 30, 2015 and 2014, respectively.

Hardy Storage. The Hardy Storage facility is a FERC-regulated interstate natural gas storage system, which consists of 29 storage wells in a depleted gas production field in Hampshire and Hardy counties, West Virginia, 36.7 miles of pipeline and 7,100 hp of installed capacity. The facility interconnects with Columbia Transmission and has approximately 12 MMDth of working gas capacity and 176,000 Dth/d of withdrawal capacity. Columbia owns a 50% interest in Hardy Storage and acts as operator for the system. A third party, Piedmont Natural Gas Company, Inc., owns the remaining 50% interest in Hardy Storage.

During the second quarter of 2015 and 2014, no contributions were made to Hardy Storage. During the six months ended 2015 and 2014, no contributions were made to Hardy Storage. Hardy Storage distributed 0.5 million of earnings to NiSource during each of the three months ended June 30, 2015 and 2014, and distributed 1.0 million of earnings to NiSource during each of the six months ended June 30, 2015 and 2014.

Nature of Sales

Columbia Transmission and Columbia Gulf compete for transportation customers based on the type of service a customer needs, operating flexibility, available capacity and price. Columbia Transmission and Columbia Gulf provide a significant portion of total transportation services under firm contracts and derive a smaller portion of revenues through interruptible contracts, with management seeking to maximize the portion of physical capacity sold under firm contracts.

Firm service contracts require pipeline capacity to be reserved for a given customer between certain receipt and delivery points. Firm customers generally pay a "capacity reservation" fee based on the amount of capacity being reserved regardless of whether the capacity is used, plus an incremental usage fee when the capacity is used. Annual capacity reservation revenues derived from firm service contracts generally remain constant over the life of the contract because the revenues are based upon capacity reserved and not whether the capacity is actually used. The high percentage of revenue derived from capacity reservation fees mitigates the risk of revenue fluctuations within the Gas Pipeline Group Operations segment due to changes in near-term supply and demand conditions. The following percentages exclude the impact of intrasegment revenues and tracker-related revenues. For the quarter ended June 30, 2015, approximately 94.5% of the transportation revenues were derived from capacity reservation fees paid under

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

**NiSource Inc.
Columbia Pipeline Group Operations**

firm contracts and 4.1% of the transportation revenues were derived from usage fees under firm contracts compared to approximately 94.3% and 3.9%, respectively, for the quarter ended June 30, 2014. For the six months ended June 30, 2015, approximately 94.2% of the transportation revenues were derived from the capacity reservation fees under firm contracts and 4.3% of the transportation revenue were derived from usage fees under firm contracts compared to approximately 93.4% and 4.6% respectively, for the six months ended June 30, 2014.

Interruptible transportation service is typically short term in nature and is generally used by customers that either do not need firm service or have been unable to contract for firm service. These customers pay a usage fee only for the volume of gas actually transported. The ability to provide this service is limited to available capacity not otherwise used by firm customers, and customers receiving services under interruptible contracts are not assured capacity in the pipeline facilities. Columbia Pipeline Group Operations provides interruptible service at competitive prices in order to capture short term market opportunities as they occur and interruptible service is viewed by management as an important strategy to optimize revenues from the gas transmission assets. For the quarters ended June 30, 2015 and 2014, approximately 1.3% and 1.8%, respectively, of the transportation revenues were derived from interruptible contracts. For the six months ended June 30, 2015 and 2014, approximately 1.5% and 2.1% respectively, of the transportation revenues were derived from interruptible contracts.

Regulatory Matters

Refer to Note 7, "Regulatory Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for information on regulatory matters for the Columbia Pipeline Group Operations segment.

Environmental Matters

Currently, various environmental matters impact the Columbia Pipeline Group Operations segment. As of June 30, 2015, a reserve has been recorded to cover probable and estimable environmental response actions. Refer to Note 17-C, "Other Commitments and Contingencies - Environmental Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for additional information regarding environmental matters for the Columbia Pipeline Group Operations segment.

Throughput

Columbia Transmission's throughput consists of gas transportation service deliveries to LDC city gates, to gas fired power plants, other industrial customers or other interstate pipelines in its market area. Columbia Transmission's market area covers portions of northeastern, mid-Atlantic, Midwestern, and southern states as well as the District of Columbia. Throughput for Columbia Gulf reflects transportation services for gas delivered through its mainline and laterals. Crossroads Pipeline's throughput comes from deliveries it makes to its customers and other pipelines that are located in northern Indiana and Ohio. Intersegment eliminations represent gas delivered to affiliated pipelines within the segment.

Throughput for the Columbia Pipeline Group Operations segment totaled 344.7 MMDth for the second quarter of 2015, compared to 321.5 MMDth for the same period in 2014. The increase of 23.2 MMDth primarily reflected increased transportation of Marcellus and Utica natural gas production and increased deliveries to the power generation plants of the LDCs.

Throughput for the Columbia Pipeline Group Operations segment totaled 957.8 MMDth for the six months ended June 30, 2015, compared to 910.0 MMDth for the same period in 2014. The increase of 47.8 MMDth primarily reflected increased transportation of Marcellus and Utica natural gas production.

Net Revenues

Net revenues were 315.8 million for the second quarter of 2015, a decrease of 27.6 million from the same period in 2014. The decrease in net revenues is due primarily to lower regulatory trackers, which are offset in expense, of 48.1 million and other miscellaneous decreases of 4.5 million. These decreases were partially offset by increased demand margin revenue of 25.0 million as a result of growth projects placed in service and new firm contracts.

Net revenues were 655.5 million for the six months ended June 30, 2015, a decrease of 33.4 million from the same period in 2014. The decrease in net revenues is due primarily to lower regulatory trackers, which are offset in expense, of 75.5 million and decreased mineral rights royalty revenue of 4.1 million. These decreases were partially offset by increased demand margin revenue of 55.7 million as a result of growth projects placed in service and new firm contracts.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

NiSource Inc.
Columbia Pipeline Group Operations

Operating Income

Operating income was 108.6 million for the second quarter of 2015, an increase of 4.9 million from the second quarter of 2014. Operating income increased as a result of decreased operating expenses and higher equity earnings, partially offset by lower net revenues, as described above. Operating expenses were 29.9 million lower due to a decrease in regulatory trackers, which are offset in net revenues, of 48.1 million and higher gains on the sale of assets of 8.0 million primarily resulting from increased gains on conveyances of mineral interests. These decreases in operating expenses were partially offset by higher outside service costs of 7.8 million, increased employee and administrative expenses of 7.4 million and higher depreciation of 5.1 million. Equity Earnings increased 2.6 million due to increased earnings at Pennant.

Operating income was 271.6 million for the six months ended June 30, 2015, an increase of 9.0 million from the comparable 2014 period. Operating income increased as a result of lower operating expenses and increased equity earnings partially offset by lower net revenues, as described above. Operating expenses were 34.2 million lower than the comparable period primarily as a result of decreased regulatory trackers, which are offset in net revenues, of 75.5 million. This decrease in operating expenses was partially offset by higher employee and administrative expenses of 14.8 million, increased outside service costs of 9.7 million and higher depreciation of 7.9 million. Additionally, there were decreased gains on the conveyances of mineral interests of 4.2 million and increased other taxes of 2.3 million. Equity earnings increased 8.2 million primarily due to higher earnings at Pennant and Millennium.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

NiSource Inc.

For a discussion regarding quantitative and qualitative disclosures about market risk see “Management’s Discussion and Analysis of Financial Condition and Results of Operations - Market Risk Disclosures.”

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

NiSource’s chief executive officer and its principal financial officer, are responsible for evaluating the effectiveness of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)). NiSource’s disclosure controls and procedures are designed to provide reasonable assurance that the information required to be disclosed by us in reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including NiSource’s chief executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure and is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC. Based upon that evaluation, NiSource’s chief executive officer and principal financial officer concluded that, as of the end of the period covered by this report, our disclosure controls and procedures were effective to provide reasonable assurance that financial information was processed, recorded and reported accurately.

Changes in Internal Controls

During the quarter ended June 30, 2015, NiSource implemented the final phase of a multi-year process of migrating all of its subsidiaries to a common general ledger system. During this phase, NIPSCO and NiSource Corporate Services migrated to this new general ledger system. The implementation is not being made in response to any deficiency in our internal controls. This implementation has resulted in certain changes to business processes and internal controls impacting our financial reporting. NiSource has taken steps to monitor and maintain appropriate internal control over financial reporting during this phase and will continue to evaluate the operating effectiveness of related controls during subsequent periods.

PART II

ITEM 1. LEGAL PROCEEDINGS

NiSource Inc.

The Company is party to certain claims and legal proceedings arising in the ordinary course of business, none of which is deemed to be individually significant at this time. Due to the inherent uncertainty of litigation, there can be no assurance that the resolution of any particular claim or proceeding would not have a material adverse effect on the Company's results of operations, financial position or liquidity. It is possible that if one or more of such matters were decided against the Company, the effects could be material to the Company's results of operations in the period in which the Company would be required to record or adjust the related liability and could also be material to the Company's cash flows in the periods the Company would be required to pay such liability.

ITEM 1A. RISK FACTORS

NiSource Inc.

NiSource's operations and financial results are subject to various risks and uncertainties, including those described below, that could adversely affect the Company's business, financial condition, results of operations, cash flows, and the trading price of the Company's common stock. In light of the Separation, the following risks and uncertainties amend and restate those previously disclosed in NiSource's most recent Annual Report on Form 10-K for the year ended December 31, 2014.

NiSource has substantial indebtedness which could adversely affect its financial condition.

NiSource had total consolidated indebtedness of 9,485.6 million outstanding as of June 30, 2015, of which 2,765.9 million was attributable to Columbia Pipeline Group. The Company's substantial indebtedness could have important consequences. For example, it could:

- limit the Company's ability to borrow additional funds or increase the cost of borrowing additional funds;
- reduce the availability of cash flow from operations to fund working capital, capital expenditures and other general corporate purposes;
- limit the Company's flexibility in planning for, or reacting to, changes in the business and the industries in which it operates;
- lead parties with whom NiSource does business to require additional credit support, such as letters of credit, in order for NiSource to transact such business;
- place NiSource at a competitive disadvantage compared to competitors that are less leveraged;
- increase vulnerability to general adverse economic and industry conditions; and
- limit the ability of the Company to execute on its growth strategy, which is dependent upon access to capital to fund its substantial investment program.

Some of NiSource's debt obligations contain financial covenants related to debt-to-capital ratios and cross-default provisions. NiSource's failure to comply with any of these covenants could result in an event of default, which, if not cured or waived, could result in the acceleration of outstanding debt obligations. Additionally, a drop in NiSource's credit rating could adversely impact the cost for NiSource to issue new debt securities.

A drop in NiSource's credit rating could adversely impact NiSource's liquidity.

On June 17, 2015, with consideration of the Separation, Moody's affirmed the NiSource senior unsecured rating of Baa2 and commercial paper rating of P-2, with a stable outlook. Additionally, Moody's affirmed NIPSCO's Baa1 rating and affirmed the Baa2 rating for Columbia of Massachusetts. On June 18, 2015, with consideration of the Separation, Standard & Poor's raised the senior unsecured ratings for NiSource and its subsidiaries to BBB and the commercial paper rating to A-2. Standard & Poor's outlook for NiSource and all of its subsidiaries is Stable. On June 18, 2015, Fitch affirmed the senior unsecured ratings for NiSource at BBB-, and the existing ratings of its other rated subsidiaries. Fitch's outlook for NiSource and its subsidiaries is Positive in anticipation of the Separation. Although all ratings continue to be investment grade, a downgrade by Fitch would result in a rating that is below investment grade. NiSource is committed to maintaining its investment grade credit ratings.

The Company's credit ratings could be lowered or withdrawn entirely by a rating agency if, in its judgment, the circumstances warrant. Therefore, there is no assurance that NiSource will continue to maintain such investment grade credit ratings in the future.

Certain NiSource affiliates have agreements that contain "ratings triggers" that require increased collateral if the credit ratings of NiSource or certain of its subsidiaries are rated below BBB- by Standard & Poor's or Baa3 by Moody's. These agreements are primarily for insurance purposes and for the physical purchase or sale of power. As of June 30, 2015 the collateral requirement that would be required in the event of a downgrade below the ratings trigger levels would amount to approximately 41.3 million. In addition to agreements with ratings triggers, there are other agreements that contain "adequate assurance" or "material adverse change" provisions that could necessitate additional credit support such as letters of credit and cash collateral to transact business.

If a rating agency were to downgrade the Company's rating below investment grade, its borrowing costs would increase and our funding sources could decrease. In addition, a failure by us to maintain an investment grade rating could affect our business relationships with suppliers and operating partners.

NiSource Inc.

NiSource may not be able to execute its growth strategy as planned.

Because of changes in the business or regulatory environment, NiSource may not be able to execute its business plan as intended. NiSource's customer and regulatory initiatives may not achieve planned results. In addition, NiSource's growth plan relies on the continued view of natural gas as an economically and ecologically attractive fuel. Any developments that cause natural gas no longer to be seen as a favored fuel could adversely affect our results of operations and growth prospects.

Adverse economic and market conditions or increases in interest rates could reduce net revenue growth, increase costs, decrease future net income and cash flows and impact capital resources and liquidity needs.

While the national economy is experiencing some recovery from the recent downturn, NiSource cannot predict how robust the recovery will be or whether or not it will be sustained.

Continued sluggishness in the economy impacting NiSource's operating jurisdictions could adversely impact NiSource's ability to grow its customer base and collect revenues from customers, which could reduce net revenue growth and increase operating costs. An increase in the interest rates NiSource pays would adversely affect future net income and cash flows. In addition, NiSource depends on debt to finance its operations, including both working capital and capital expenditures, and would be adversely affected by increases in interest rates. If the current economic recovery remains slow or credit markets again tighten, NiSource's ability to raise additional capital or refinance debt at a reasonable cost could be negatively impacted. Refer to Note 14, "Long-Term Debt," in the Notes to Condensed Consolidated Financial Statements (unaudited) for information related to outstanding long-term debt and maturities of that debt.

Capital market performance and other factors may decrease the value of benefit plan assets, which then could require significant additional funding and impact earnings.

The performance of the capital markets affects the value of the assets that are held in trust to satisfy future obligations under defined benefit pension and other postretirement benefit plans. NiSource has significant obligations in these areas and holds significant assets in these trusts. These assets are subject to market fluctuations and may yield uncertain returns, which fall below NiSource's projected rates of return. A decline in the market value of assets may increase the funding requirements of the obligations under the defined benefit pension and other postretirement benefit plans. Additionally, changes in interest rates affect the liabilities under these benefit plans; as interest rates decrease, the liabilities increase, which could potentially increase funding requirements. Further, the funding requirements of the obligations related to these benefits plans may increase due to changes in governmental regulations and participant demographics, including increased numbers of retirements or changes in life expectancy assumptions. Ultimately, significant funding requirements and increased pension expense could negatively impact NiSource's results of operations and financial position.

The majority of NiSource's net revenues are subject to economic regulation and are exposed to the impact of regulatory rate reviews and proceedings.

Most of NiSource's net revenues are subject to economic regulation at either the federal or state level. As such, the net revenues generated by those regulated companies are subject to regulatory review by the applicable federal or state authority. These rate reviews determine the rates charged to customers and directly impact revenues. NiSource's financial results are dependent on frequent regulatory proceedings in order to ensure timely recovery of costs. Additionally, the costs of complying with future changes in environmental laws and regulations are expected to be significant, and their recovery through rates will be contingent on regulatory approval.

As a result of efforts to introduce market-based competition in certain markets where the regulated businesses conduct operations, NiSource may compete with independent marketers for customers. This competition exposes NiSource to the risk that certain stranded costs may not be recoverable and may affect results of NiSource's growth strategy and cash flows.

NiSource's costs of compliance with environmental laws are significant. The costs of compliance with future environmental laws and the recognition of environmental liabilities could impact cash flow and profitability.

NiSource's subsidiaries are subject to extensive federal, state and local environmental requirements that, among other things, regulate air emissions, water usage and discharges, remediation and the management of chemicals, hazardous waste, solid waste, and coal combustion residuals. Compliance with these legal obligations requires NiSource to make expenditures for installation of pollution control equipment, remediation, environmental monitoring, emissions fees and permits at many of NiSource's facilities. These expenditures are significant, and NiSource expects that they will continue to be significant in the future. Furthermore, if

ITEM 1A. RISK FACTORS

NiSource Inc.

NiSource's subsidiaries fail to comply with environmental laws and regulations or cause harm to the environment or persons, even if caused by factors beyond NiSource's control, that failure or harm may result in the assessment of civil or criminal penalties and damages against NiSource and its subsidiaries.

Existing environmental laws and regulations may be revised and new laws and regulations seeking to protect the environment may be adopted or become applicable to NiSource's subsidiaries. Revised or additional laws and regulations could result in significant additional expense and operating restrictions on NiSource's facilities or increased compliance costs, which may not be fully recoverable from customers and would, therefore, reduce net income. Moreover, such costs could materially affect the continued economic viability of one or more of NiSource's facilities.

Because NiSource's operations deal with natural gas and coal fossil fuels, emissions of GHGs are an expected aspect of the business. While NiSource attempts to reduce GHG emissions through efficiency programs, leak detection, and other programs, GHG emissions cannot be entirely eliminated. The current administration has made it clear that it is focused on reducing GHG emissions, through legislation and/or regulation. Imposing statutory or regulatory restrictions and/or costs on GHG emissions could increase NiSource's cost of producing energy, which could impact customer demand or NiSource's profitability. Compliance costs associated with these requirements could also affect NiSource's cash flow. The cost impact of any new or amended GHG legislation or regulations would depend upon the specific requirements enacted and cannot be determined at this time.

Even in instances where legal and regulatory requirements are already known, the original estimates for cleanup and environmental capital projects can differ materially from the amount ultimately expended. The actual future expenditures depend on many factors, including the nature and extent of contamination, the method of cleanup, the cost of raw materials, contractor costs, and the availability of cost recovery from customers. Changes in costs and the ability to recover under regulatory mechanisms could affect NiSource's financial position, operating results and cash flows.

A significant portion of the gas and electricity NiSource sells is used by residential and commercial customers for heating and air conditioning. Accordingly, the operating results fluctuate depending on the weather and, to a certain extent, usage of gas or electricity.

Energy sales are sensitive to variations in weather. Forecasts of energy sales are based on normal weather, which represents a long-term historical average. Significant variations from normal weather could have, and have had, a material impact on energy sales. Additionally, residential usage, and to some degree commercial usage is sensitive to fluctuations in commodity costs for gas and electricity, whereby usage declines with increased costs, thus affecting NiSource's financial results. Lastly, residential and commercial customers' usage is sensitive to economic conditions and the impact of macro-economic drivers such as unemployment, consumption and consumer confidence, which could also affect NiSource's financial results.

NiSource's business operations are subject to economic conditions in certain industries.

Business operations throughout NiSource's service territories have been and may continue to be adversely affected by economic events at the national and local level where it operates. In particular, sales to large industrial customers may be impacted by economic downturns. The U.S. manufacturing industry continues to adjust to changing market conditions including international competition, increasing costs, and fluctuating demand for its products.

Fluctuations in the price of energy commodities or their related transportation costs may have a negative impact on NiSource's financial results.

NiSource's electric generating fleet is dependent on coal and natural gas for fuel, and its gas distribution operations purchase and resell much of the natural gas they deliver. These energy commodities are vulnerable to price fluctuations and fluctuations in associated transportation costs. Hedging activities have been deployed in order to offset fluctuations in commodity supply prices and NiSource relies on regulatory recovery mechanisms in the various jurisdictions in order to fully recover the costs incurred in operations. However, while NiSource has historically been successful in recovery of costs related to such commodity prices, there can be no assurance that such costs will be fully recovered through rates in a timely manner. Additionally, increased gas and electricity costs could result in reduced demand from customers as a result of increased conservation activities.

NiSource is exposed to risk that customers will not remit payment for delivered energy or services, and that suppliers or counterparties will not perform under various financial or operating agreements.

NiSource's extension of credit is governed by a Corporate Credit Risk Policy, involves considerable judgment and is based on an evaluation of a customer or counterparty's financial condition, credit history and other factors. Credit risk exposure is monitored

NiSource Inc.

by obtaining credit reports and updated financial information for customers and suppliers, and by evaluating the financial status of its banking partners and other counterparties through the use of market-based metrics such as credit default swap pricing levels, and also through traditional credit ratings provided by the major credit rating agencies. Continued adverse economic conditions could increase credit risk and could result in a material adverse effect on NiSource.

NiSource has significant goodwill and definite-lived intangible assets. An impairment of goodwill or definite-lived intangible assets could result in a significant charge to earnings and negatively impact NiSource's compliance with certain covenants under financing agreements.

In accordance with GAAP, NiSource tests goodwill for impairment at least annually and reviews its definite-lived intangible assets for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Goodwill also is tested for impairment when factors, examples of which include reduced cash flow estimates, a sustained decline in stock price or market capitalization below book value, indicate that the carrying value may not be recoverable. NiSource would be required to record a charge in the financial statements during the period in which any impairment of the goodwill or definite-lived intangible assets is determined, negatively impacting the results of operations. A significant charge could impact the capitalization ratio covenant under certain financing agreements. NiSource is subject to a financial covenant under its five-year revolving credit facility, which requires NiSource to maintain a debt to capitalization ratio that does not exceed 70%. A similar covenant in a 2005 private placement note purchase agreement requires NiSource to maintain a debt to capitalization ratio that does not exceed 75%. As of June 30, 2015, the ratio was 56.0%.

Changes in taxation and the ability to quantify such changes could adversely affect NiSource's financial results.

NiSource is subject to taxation by the various taxing authorities at the federal, state and local levels where it does business. Legislation or regulation which could affect NiSource's tax burden could be enacted by any of these governmental authorities. NiSource cannot predict the timing or extent of such tax-related developments which could have a negative impact on the financial results. Additionally, NiSource uses its best judgment in attempting to quantify and reserve for these tax obligations. However, a challenge by a taxing authority, NiSource's ability to utilize tax benefits such as carryforwards or tax credits, or a deviation from other tax-related assumptions may cause actual financial results to deviate from previous estimates.

Changes in accounting principles may adversely affect NiSource's financial results.

Future changes in accounting rules and associated changes in regulatory accounting may negatively impact the way NiSource records revenues, expenses, assets and liabilities. These changes in accounting standards may adversely affect its financial condition and results of operations.

Transportation and storage of natural gas, as well as the distribution of natural gas, and the generation, transmission and distribution of electricity involve numerous risks that may result in accidents and other operating risks and costs.

NiSource's gas distribution, gas transmission and storage activities, as well as generation, transmission, and distribution of electricity involve a variety of inherent hazards and operating risks, such as gas leaks, downed power lines, accidents, including third-party damages, large scale outages, and mechanical problems, which could cause substantial financial losses. In addition, these risks could result in serious injury or loss of life to employees and the general public, significant damage to property, environmental pollution, impairment of its operations, adverse regulatory rulings and reputational harm, which in turn could lead to substantial losses to NiSource. In accordance with customary industry practice, NiSource maintains insurance against some, but not all, of these risks and losses. The location of pipelines and storage facilities, or generation, transmission, substations and distribution facilities near populated areas, including residential areas, commercial business centers and industrial sites, could increase the level of damages resulting from these risks. The occurrence of any of these events could adversely affect NiSource's financial position and results of operations.

Aging infrastructure may lead to increased costs and disruptions in operations that could negatively impact NiSource's financial results.

NiSource has risks associated with aging infrastructure assets. The age of these assets may result in a need for replacement, a higher level of maintenance costs and unscheduled outages despite diligent efforts by NiSource to properly maintain these assets through inspection, scheduled maintenance and capital investment. The failure to operate these assets as desired could result in NiSource's inability to meet firm service obligations, adversely impact revenues, and result in increased capital expenditures and expenses, which may not be fully recoverable from customers.

NiSource Inc.

Climate change, natural disasters, acts of terrorism or other catastrophic events may disrupt operations and reduce the ability to service customers.

A disruption or failure of natural gas distribution systems or within electric generation, transmission or distribution systems in the event of a major hurricane, tornado, terrorist attack or other catastrophic event could cause delays in completing sales, providing services, or performing other critical functions. NiSource has experienced disruptions in the past from hurricanes and tornadoes and other events of this nature. The cost, availability and sufficiency of insurance for these risks could adversely affect NiSource's results of operations, financial position and cash flows.

There is also a concern that climate change may exacerbate the risks to physical infrastructure associated with heat and extreme weather conditions. Climate change and the costs that may be associated with its impacts have the potential to affect NiSource's business in many ways, including increasing the cost NiSource incurs in providing its products and services, impacting the demand for and consumption of its products and services (due to change in both costs and weather patterns), and affecting the economic health of the regions in which NiSource operates.

A cyber-attack on any of NiSource's or certain third-party computer systems upon which NiSource relies may adversely affect its ability to operate.

NiSource is reliant on technology to run its businesses, which are dependent upon financial and operational computer systems to process critical information necessary to conduct various elements of its business, including the generation, transmission and distribution of electricity, operation of its gas pipelines and storage facilities and the recording and reporting of commercial and financial transactions to regulators, investors and other stakeholders. Any failure of NiSource's computer systems, or those of its customers, suppliers or others with whom it does business, could materially disrupt NiSource's ability to operate its business and could result in a financial loss and possibly do harm to NiSource's reputation.

Additionally, NiSource's information systems experience ongoing, often sophisticated, cyber-attacks by a variety of sources with the apparent aim to breach NiSource's cyber-defenses. Although NiSource attempts to maintain adequate defenses to these attacks and works through industry groups and trade associations to identify common threats and assess NiSource's countermeasures, a security breach of NiSource's information systems could (i) impact the reliability of NiSource's generation, transmission, storage and distribution systems and potentially negatively impact NiSource's compliance with certain mandatory reliability standards, (ii) subject NiSource to harm associated with theft or inappropriate release of certain types of information such as system operating information or information, personal or otherwise, relating to NiSource's customers or employees, and/or (iii) impact NiSource's ability to manage NiSource's businesses.

NiSource's capital projects and programs subject the Company to construction risks and natural gas costs and supply risks.

NiSource is engaged in an intrastate natural gas pipeline modernization program to maintain system integrity and enhance service reliability and flexibility. NIPSCO also is currently engaged in a number of capital projects, including air-quality related improvements to its electric generating stations, as well as the construction of new transmission facilities. As NiSource undertakes these projects and programs, it may not be able to complete them on schedule or at the anticipated costs. Additionally, NiSource may construct or purchase some of these projects and programs to capture anticipated future growth in natural gas production, which may not materialize, and may cause the construction to occur over an extended period of time. NiSource also may not receive material increases in revenue and cash flows until after the completion of the projects and programs.

Sustained extreme weather conditions may negatively impact NiSource's operations.

NiSource conducts its operations across a wide geographic area subject to varied and potentially extreme weather conditions, which may from time to time persist for sustained periods of time. Despite preventative maintenance efforts, persistent weather related stress on NiSource's infrastructure may reveal weaknesses in its systems not previously known to the Company or otherwise present various operational challenges across all business segments. Although NiSource makes every effort to plan for weather related contingencies, adverse weather may affect its ability to conduct operations in a manner that satisfies customer expectations or contractual obligations. The Company endeavors to minimize such service disruptions, but may not be able to avoid them altogether.

ITEM 1A. RISK FACTORS

NiSource Inc.

NiSource is a holding company and is dependent on cash generated by subsidiaries to meet its debt obligations and pay dividends on its common stock.

NiSource is a holding company and conducts its operations primarily through its subsidiaries. Substantially all of NiSource's consolidated assets are held by its subsidiaries. Accordingly, NiSource's ability to meet its debt obligations or pay dividends on its common stock is largely dependent upon cash generated by these subsidiaries. In the event a major subsidiary is not able to pay dividends or transfer cash flows to NiSource, NiSource's ability to service its debt obligations or pay dividends could be negatively affected.

Following the Separation, all of the entities formerly included in NiSource's Columbia Pipeline Group Operations segment have been separated from NiSource and are held by a separate publicly traded company (CPG). The related assets are no longer held by subsidiaries of NiSource, which may negatively affect NiSource's ability to service its debt obligations or pay dividends.

The Separation may not achieve the intended benefits and may result in significant tax liabilities.

NiSource cannot predict with certainty when the benefits expected from the Separation will occur or the extent to which they will be achieved, if at all. Furthermore, there are various uncertainties and risks relating to the process of the Separation that could have a negative impact on our financial condition, results of operations and cash flows, including disruption of our operations and impairment of our relationship with regulators, key personnel, customers and vendors.

As a result of the completion of the Separation, NiSource faces new and unique risks, including having fewer assets, reduced financial resources and less diversification of revenue sources. In addition, the changes in the Company's operational and financial profile may not meet some or all of its stockholders' investment strategies, which could cause investors to sell their NiSource shares and otherwise decrease demand for shares of NiSource common stock. This may cause the relative market price of NiSource common stock to decrease, and the market price of NiSource common stock may be subject to greater volatility following the completion of the Separation.

The Separation was conditioned on the receipt by NiSource of a legal opinion to the effect that the distribution of CPG shares to NiSource stockholders is expected to qualify as tax-free under Section 355 of the U.S. Internal Revenue Code. Even though NiSource has received such an opinion, the Internal Revenue Service could determine on audit that the distribution is taxable. Both NiSource and its stockholders could incur significant U.S. federal income tax liabilities if taxing authorities conclude the distribution is taxable.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

NiSource Inc.

- (2.1) Separation and Distribution Agreement, dated as of June 30, 2015, by and between NiSource Inc. and Columbia Pipeline Group, Inc. (“CPG”) (incorporated by reference to Exhibit 2.1 to the NiSource Inc. Form 8-K filed on July 2, 2015).
- (3.1) Amended and Restated Certificate of Incorporation (amendments approved by the NiSource stockholders at the Annual Meeting held May 12, 2015). **
- (4.1) Indenture, dated as of May 22, 2015, by and among CPG, CPG OPGO LP, Columbia Energy Group, and CPG OPGO GP LLC (the “Guarantors”) and U.S Bank National Association, as Trustee, governing the Notes (incorporated by reference to Exhibit 4.1 to the NiSource Inc. Form 8-K filed on May 22, 2015).
- (4.2) Registration Rights Agreement, dated as of May 22, 2015, by and among CPG, the Guarantors, and J.P. Morgan Securities LLC, Mitsubishi UFJ Securities (USA), Inc., Scotia Capital (USA) Inc., relating to the Notes (incorporated by reference to Exhibit 4.2 to the NiSource Inc. Form 8-K filed on May 22, 2015).
- (4.3) Form of 2.45% Senior Note due 2018 (incorporated by reference to Exhibit 4.1 to the NiSource Inc. Form 8-K filed on May 22, 2015).
- (4.4) Form of 3.30% Senior Note due 2020 (incorporated by reference to Exhibit 4.1 to the NiSource Inc. Form 8-K filed on May 22, 2015).
- (4.5) Form of 4.50% Senior Note due 2025 (incorporated by reference to Exhibit 4.1 to the NiSource Inc. Form 8-K filed on May 22, 2015).
- (4.6) Form of 5.80% Senior Note due 2045 (incorporated by reference to Exhibit 4.1 to the NiSource Inc. Form 8-K filed on May 22, 2015).
- (10.1) 2010 Omnibus Incentive Plan (incorporated by reference to Exhibit C to the NiSource Inc. Definitive Proxy Statement to Stockholders for the Annual Meeting held May 12, 2015, filed on April 7, 2015).*
- (10.2) Tax Allocation Agreement, dated as of June 30, 2015, by and between NiSource Inc. and Columbia Pipeline Group, Inc. (incorporated by reference to Exhibit 10.1 of the NiSource Inc. Form 8-K filed on July 2, 2015).
- (10.3) Employee Matters Agreement, dated as of June 30, 2015, by and between NiSource Inc. and Columbia Pipeline Group, Inc. (incorporated by reference to Exhibit 10.2 of the NiSource Inc. Form 8-K filed on July 2, 2015).
- (31.1) Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. **
- (31.2) Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. **
- (32.1) Certification of Chief Executive Officer pursuant to 18. U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. **
- (32.2) Certification of Chief Financial Officer pursuant to 18. U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. **
- (101.INS) XBRL Instance Document
- (101.SCH) XBRL Schema Document
- (101.CAL) XBRL Calculation Linkbase Document
- (101.LAB) XBRL Labels Linkbase Document
- (101.PRE) XBRL Presentation Linkbase Document
- (101.DEF) XBRL Definition Linkbase Document

* Management contract or compensatory plan or arrangement of NiSource Inc.

** Exhibit filed herewith.

The Company agrees to furnish supplementally a copy of any omitted schedule to the Securities and Exchange Commission upon request.

Pursuant to Item 601(b)(4)(iii) of Regulation S-K, NiSource hereby agrees to furnish the SEC, upon request, any instrument defining the rights of holders of long-term debt of NiSource not filed as an exhibit herein. No such instrument authorizes long-term debt securities in excess of 10% of the total assets of NiSource and its subsidiaries on a consolidated basis.

SIGNATURE

NiSource Inc.

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.

NiSource Inc.

(Registrant)

Date: August 3, 2015

By:

/s/ Joseph W. Mulpas

Joseph W. Mulpas

Vice President and Chief Accounting Officer
(Principal Accounting Officer
and Duly Authorized Officer)

AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION
OF
NISOURCE INC.
As Amended Through
May 12, 2015

AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION
OF
NISOURCE INC.

Article I Name

The name of this Corporation is NiSource Inc.

Article II Registered Office

The registered office of the Corporation in the State of Delaware is located at Corporation Service Company, 2711 Centerville Road, Suite 400, in the City of Wilmington, County of New Castle. The name of its registered agent is Corporation Service Company, and the address of said registered agent is 2711 Centerville Road, Suite 400, in said city.

Article III Statement of Purpose

The nature of the business to be conducted and the purposes of the Corporation are to engage in any lawful act or activity for which corporations may be organized under the Delaware General Corporation Law, as amended.

Article IV Classes of Capital Stock

The total number of shares of all classes of stock which the Corporation shall have authority to issue is Four hundred twenty million (420,000,000), of which Twenty million (20,000,000) shares of the par value .01 each are to be of a class designated Preferred Stock and Four hundred million (400,000,000) shares of the par value of .01 each are to be of a class designated Common Stock.

A. Common Stock

1. Subject to the powers, preferences and other special rights afforded Preferred Stock by the provisions of this Article IV or resolutions adopted pursuant hereto, the holders of the Common Stock shall be entitled to receive, to the extent permitted by Delaware law, such dividends as may from time to time be declared by the Board of Directors.

2. Except as otherwise required by Delaware law and as otherwise provided in this Article IV and resolutions adopted pursuant hereto with respect to Preferred Stock, and subject to the provisions of the Bylaws of the Corporation, as from time to time amended, with respect to the closing of the transfer books and the fixing of a record date for the determination of stockholders entitled to vote, the holders of the Common Stock shall exclusively possess voting power for the election of directors and for all other purposes, and the holders of the Preferred Stock shall have no voting power and shall not be entitled to any notice of any meeting of stockholders.

3. Except as may otherwise be required by law, this Amended and Restated Certificate of Incorporation or the provisions of the resolution or resolutions as may be adopted by the Board of Directors pursuant to this Article IV with respect to Preferred Stock, each holder of Common Stock, and each holder of Preferred Stock, if entitled to vote on such matter, shall be entitled to one vote in respect of each share of Common Stock or Preferred Stock, as the case may be, held by such holder on each matter voted upon by stockholders, and any such right to vote shall not be cumulative.

4. Any action required or permitted to be taken by the stockholders of the Corporation must be effected at an annual or special meeting of stockholders of the Corporation and may not be effected by any consent in writing by such stockholders. Except as otherwise required by law and subject to the rights of the holders of any class or any series of Preferred Stock, special meetings of stockholders of the Corporation may be called only by the Board of Directors pursuant to a resolution adopted by a majority of the total number of authorized directors (whether or not there exist any vacancies in previously authorized directorships at the time any such resolution is presented to the Board for adoption) or, subject to the provisions of the Bylaws of the Corporation,

upon the written request of stockholders of the Corporation holding no less than twenty-five percent of the shares of Common Stock issued and outstanding.

5. In the event of the voluntary or involuntary liquidation, dissolution, distribution of assets or winding-up of the Corporation, after distribution in full of the preferential amounts, if any, to be distributed to the holders of Preferred Stock, as set forth in this Article IV or the resolutions adopted with respect to such series under this Article IV, holders of Common Stock shall be entitled to receive all of the remaining assets of the Corporation of whatever kind available for distribution to the stockholders ratably and in proportion to the number of shares of Common Stock held by them respectively. The Board of Directors may distribute in kind to the holders of Common Stock such remaining assets of the Corporation or may sell, transfer, otherwise dispose of all or any part of such remaining assets to any other corporation, trust or other entity and receive payment therefor in cash, stock or obligations of such other corporation, trust or other entity, or a combination thereof, and may set all or make any part of the consideration so received and distributed or any balance thereof in kind to holders of Common Stock. The merger or consolidation of the Corporation into or with any other corporation, or the merger of any other corporation into it, or any purchase or redemption of shares of stock of the Corporation of any class, shall not be deemed to be a dissolution, liquidation, or winding-up of the Corporation for the purposes of this Article IV.

B. Preferred Stock

The express grant of authority to the Board of Directors of the Corporation to fix by resolution or resolutions the designations and the powers, preferences and rights, and the qualifications, limitations or restrictions thereof, of the shares of Preferred Stock that are not fixed by this Amended and Restated Certificate of Incorporation is as follows:

1. The Preferred Stock may be issued from time to time in any amount, not exceeding in the aggregate the total number of shares of Preferred Stock herein above authorized, reduced by the number of shares of Preferred Stock designated under Section C of this Article IV, as Preferred Stock of one or more series, as hereinafter provided. All shares of any one series of Preferred Stock shall be alike in every particular, each series thereof shall be distinctively designated by letter or descriptive words, and all series of Preferred Stock shall rank equally and be identical in all respects except as permitted by the provisions of Subsection B.2 of this Article IV.

2. Authority is hereby expressly granted to and vested in the Board of Directors from time to time to issue the Preferred Stock as Preferred Stock of any series and in connection with the creation of each such series to fix, by the resolution or resolutions providing for the issue of shares thereof, the voting powers, designations, preferences and relative, participating, optional or other special rights, and the qualifications, limitations or restrictions thereof, if any, of such series, to the full extent now or hereafter permitted by the laws of the State of Delaware. Pursuant to the foregoing general authority vested in the Board of Directors, but not in limitation of the powers conferred on the Board of Directors thereby and by the laws of the State of Delaware, the Board of Directors is expressly authorized to determine with respect to each series of Preferred Stock other than the series designated under Section C of this Article IV:

- (a) the designation of such series and number of shares constituting such series;
 - (b) the dividend rate or amount of such series, the payment dates for dividends on shares of such series, the status of such dividends as cumulative or non-cumulative, the date from which dividends on shares of such series, if cumulative, shall be cumulative, and the status of such as participating or non-participating after the payment of dividends as to which such shares are entitled to any preference;
 - (c) the price or prices (which amount may vary under different conditions or at different dates) at which, and the times, terms and conditions on which, the shares of such series may be redeemed at the option of the Corporation;
 - (d) whether or not the shares of such series shall be made optionally or mandatorily convertible into, or exchangeable for, shares of any other class or classes or of any other series of the same or any other class or classes of stock of the Corporation or other securities and, if made so convertible or exchangeable, the conversion price or prices, or the rates of exchange, and the adjustments thereof, if any, at which such conversion or exchange may be made and any other terms and conditions of such conversion or exchange;
 - (e) whether or not the shares of such series shall be entitled to the benefit of a retirement or sinking fund to be applied to the purchase or redemption of shares of such series, and if so entitled, the amount of such fund and
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the manner of its application, including the price or prices at which shares of such series may be redeemed or purchased through the application of such fund;

- (f) whether or not the issue of any additional shares of such series or any future series in addition to such series or of any shares of any other class of stock of the Corporation shall be subject to restrictions and, if so, the nature thereof;
- (g) the rights and preferences, if any, of the holders of such series of Preferred Stock upon the voluntary or involuntary liquidation, dissolution or winding-up of the Corporation, and the status of the shares of such series as participating or non-participating after the satisfaction of any such rights and preferences;
- (h) the full or limited voting rights, if any, to be provided for shares of such series, in addition to the voting rights provided by law; and
- (i) any other relative powers, preferences and participating, optional or other special rights and the qualifications, limitations or restrictions thereof, of shares of such series;

in each case, so far as not inconsistent with the provisions of this Amended and Restated Certificate of Incorporation or the Delaware General Corporation Law then in effect.

C. Series A Junior Participating Preferred Stock.

The designation and number of shares, and the powers, preferences and rights, and the qualifications, limitations or restrictions thereof, of a series of Preferred Stock are fixed by this Section C of ARTICLE IV as follows:

1. Designation and Amount. The shares of such series shall be designated as “Series A Junior Participating Preferred Stock” (the “Series A Preferred Stock”) and the number of shares constituting the Series A Preferred Stock shall be 4,000,000.

2. Dividends and Distributions.

(a) Subject to the rights of the holders of any shares of any series of Preferred Stock (or any similar shares) ranking prior and superior to the Series A Preferred Stock with respect to dividends, the holders of Series A Preferred Stock, in preference to the holders of Common Stock and of any other junior shares, shall be entitled to receive, when, as and if declared by the Board of Directors out of funds legally available for the purpose, quarterly dividends payable in cash on the 20th day of February, May, August and November in each year (each such date being referred to herein as a “quarterly Dividend Payment Date”), commencing on the first quarterly Dividend Payment Date after the first issuance of a share or fraction of a share of Series A Preferred Stock, in an amount per share (rounded to the nearest cent) equal to the greater of (i) 26 or (ii) subject to the provision for adjustment hereinafter set forth, 100 times the aggregate per share amount of all cash dividends, and 100 times the aggregate per share amount (payable in kind) of all non-cash dividends or other distributions, other than a dividend payable in Common Stock or a subdivision of the outstanding Common Stock (by reclassification or otherwise), declared on the Common Stock since the immediately preceding quarterly Dividend Payment Date or, with respect to the first quarterly Dividend Payment Date, since the first issuance of any share of Series A Preferred Stock or fraction of a share of Series A Preferred Stock. In the event the Corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding Common Stock (by reclassification or otherwise than by payment of a dividend in Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the amount to which holders of Series A Preferred Stock were entitled immediately prior to such event under clause (b) of the preceding sentence shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(b) The Corporation shall declare a dividend or distribution on the Series A Preferred Stock as provided in paragraph 2(a) of this Section C immediately after it declares a dividend or distribution on the Common Stock (other than a dividend payable in shares of Common Stock); provided that, in the event no dividend or distribution shall have been declared on the Common Stock during the period between any quarterly Dividend Payment Date and the next subsequent quarterly Dividend Payment Date, a dividend of 26 per share on the Series A Preferred Stock shall nevertheless be payable on such subsequent quarterly Dividend Payment Date.

(c) Dividends shall begin to accrue and be cumulative on outstanding shares of Series A Preferred Stock from the quarterly Dividend Payment Date next preceding the date of issue of such shares, unless the date of issue of such shares is prior to the record date for the first quarterly Dividend Payment Date, in which case dividends on such shares shall begin to accrue from the date of issue of such shares, or unless the date of issue is a quarterly Dividend Payment Date or is a date after the record date for the determination of holders of Series A Preferred Stock entitled to receive a quarterly dividend and before such quarterly Dividend Payment Date, in either of which events such dividends shall begin to accrue and be cumulative from such quarterly Dividend Payment Date. Accrued but unpaid dividends shall not bear interest. Dividends paid on the Series A Preferred Stock in an amount less than the total amount of such dividends at the time accrued and payable on such shares shall be allocated pro rata on a share-by-share basis among all such shares at the time outstanding. The Board of Directors may fix a record date for the determination of holders of Series A Preferred Stock entitled to receive payment of a dividend or distribution declared thereon, which record date shall be not more than 60 days prior to the date fixed for the payment thereof.

3. Voting Rights. The holders of Series A Preferred Stock will have the following voting rights:

(a) Subject to the provision for adjustment hereinafter set forth, each share of Series A Preferred Stock shall entitle the holder thereof to 100 votes on all matters submitted to a vote of the stockholders of the Corporation. In the event the Corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the number of votes per share to which holders of Series A Preferred Stock were entitled immediately prior to such event shall be adjusted by multiplying such number by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(b) Except as otherwise provided in this Amended and Restated Certificate of Incorporation, in any resolution creating a series of Preferred Stock or by law, the holders of Series A Preferred Stock and the holders of Common Stock and any other capital stock of the Corporation having general voting rights shall vote together as one class on all matters submitted to a vote of stockholders of the Corporation.

(c) If at the time of any annual meeting of stockholders for the election of directors a “default in preference dividends” on the Series A Preferred Stock shall exist, the number of directors constituting the Board of Directors of the Corporation shall be increased by two (2), and the holders of the Preferred Stock of all series (whether or not the holders of such series of Preferred Stock would be entitled to vote for the election of directors if such default in preference dividends did not exist) shall have the right at such meeting, voting together as a single class without regard to series, to the exclusion of the holders of Common Stock, to elect two (2) directors of the Corporation to fill such newly created directorships. Such right shall continue until there are no dividends in arrears upon the Preferred Stock. Each director elected by the holders of Preferred Stock (a “Preferred Director”) shall continue to serve as such director for the full term for which he shall have been elected, notwithstanding that prior to the end of such term a default in preference dividends shall cease to exist. Any Preferred Director may be removed by, and shall not be removed except by, the vote of the holders of record of the outstanding Preferred Stock voting together as a single class without regard to series, at a meeting of the stockholders or of the holders of Preferred Stock called for the purpose. So long as a default in any preference dividends on the Preferred Stock shall exist, (i) any vacancy in the office of a Preferred Director may be filled (except as provided in the following clause (ii)) by an instrument in writing signed by the remaining Preferred Director and filed with the Corporation and (ii) in the case of the removal of any Preferred Director, the vacancy may be filled by the vote of the holders of the outstanding Preferred Stock voting together as a single class without regard to series, at the same meeting at which such removal shall be voted. Each director appointed as aforesaid by the remaining Preferred Director shall be deemed, for all purposes hereof, to be a Preferred Director. Whenever the term of office of the Preferred Directors shall end and a default in preference dividends shall no longer exist, the number of directors constituting the Board of Directors of the Corporation shall be reduced by two (2). For the purposes hereof, a “default in preference dividends” on the Preferred Stock shall be deemed to have occurred whenever the amount of accrued dividends upon any series of the Preferred Stock shall be equivalent to six (6) full quarterly dividends or more, and, having so occurred, such default shall be deemed to exist thereafter until, but only until, all accrued dividends on all Preferred Stock of each and every series then outstanding shall have been paid to the end of the last preceding quarterly dividend period.

(d) Except as set forth herein, or as otherwise provided by law, holders of Series A Preferred Stock shall have no special voting rights and their consent shall not be required (except to the extent they are entitled to vote with holders of Common Stock as set forth herein) for taking any corporate action.

4. Certain Restrictions.

(a) Whenever quarterly dividends or other dividends or distributions payable on the Series A Preferred Stock, as provided in paragraph 2 of this Section C, are in arrears, thereafter and until all accrued and unpaid dividends and distributions, whether or not declared, on Series A Preferred Stock outstanding shall have been paid in full, the Corporation shall not:

(i) declare or pay dividends, or make any other distributions, on any shares ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock;

(ii) declare or pay dividends, or make any other distributions, on any shares ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Preferred Stock, except dividends paid ratably on the Series A Preferred Stock and all such parity shares on which dividends are payable or in arrears in proportion to the total amounts to which the holders of all such shares are then entitled;

(iii) redeem or purchase or otherwise acquire for consideration any shares ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock, provided that the Corporation may at any time redeem, purchase or otherwise acquire shares of any such junior shares in exchange for any shares of the Corporation ranking junior (either as to dividends or upon dissolution, liquidation or winding up) to the Series A Preferred Stock; or

(iv) redeem or purchase or otherwise acquire for consideration any Series A Preferred Stock, or any shares ranking on a parity with the Series A Preferred Stock, except in accordance with a purchase offer made in writing or by publication (as determined by the Board of Directors) to all holders of such stock upon such terms as the Board of Directors, after consideration of the respective annual dividend rates and other relative rights and preferences of the respective series and classes, shall determine in good faith will result in fair and equitable treatment among the respective series or classes.

(b) The Corporation shall not permit any subsidiary of the Corporation to purchase or otherwise acquire for consideration any shares of the Corporation unless the Corporation could, under paragraph 4(a) of this Section C, purchase or otherwise acquire such shares at such time and in such manner.

5. Reacquired Shares. Any Series A Preferred Stock purchased or otherwise acquired by the Corporation in any manner whatsoever shall be retired and, upon the filing of any certificate that may be required by Delaware law, canceled promptly after the acquisition thereof. All such shares shall upon their cancellation become authorized but unissued Preferred Stock and may be reissued as part of a new series of Preferred Stock subject to the conditions and restrictions on issuance set forth in this Article IV or any resolution providing for the creation of any series of Preferred Stock adopted pursuant thereto or as otherwise required by law.

6. Liquidation, Dissolution or Winding Up. Upon any liquidation, dissolution or winding up of the Corporation, no distribution shall be made (a) to the holders of shares ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock unless, prior thereto, the holders of Series A Preferred Stock shall have received \$6,000 per share, plus an amount equal to accrued and unpaid dividends and distributions thereon, whether or not declared, to the date of such payment, provided that the holders of Series A Preferred Stock shall be entitled to receive an aggregate amount per share, subject to the provision for adjustment hereinafter set forth, equal to 100 times the aggregate amount to be distributed per share to holders of Common Stock, or (b) to the holders of shares ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Preferred Stock, except distributions made ratably on the Series A Preferred Stock and all such parity shares in proportion to the total amounts to which the holders of all such shares are entitled upon such liquidation, dissolution or winding up. In the event the Corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the aggregate amount to which holders of Series A Preferred Stock were entitled immediately prior to such event under the proviso in clause (a) of the preceding sentence shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of Common Stock that were outstanding immediately prior to such event.

7. Consolidation, Merger, etc. In case the Corporation shall enter into any consolidation, merger, combination or other transaction in which the shares of Common Stock are exchanged for or changed into other shares or securities, cash and/or any other property, then in any such case each share of Series A Preferred Stock shall at the same time be similarly exchanged or

changed into an amount per share, subject to the provision for adjustment hereinafter set forth, equal to 100 times the aggregate amount of shares, securities, cash and/or any other property (payable in kind), as the case may be, into which or for which each share of Common Stock is changed or exchanged. In the event the Corporation shall at any time declare or pay any dividend on the Common Shares payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the amount set forth in the preceding sentence with respect to the exchange or change of shares of Series A Preferred Stock shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

8. No Redemption. The Series A Preferred Stock shall not be redeemable.

9. Conversion. The Series A Preferred Stock shall not be convertible into Common Stock or shares of any other series of any other class of Preferred Stock.

10. Rank. The Series A Preferred Stock shall rank, with respect to the payment of dividends and the distribution of assets, junior to all series of any other class of Preferred Stock, unless the terms of any such series shall provide otherwise.

11. Amendment. This Amended and Restated Certificate of Incorporation shall not be amended in any manner which would materially alter or change the powers, preferences or special rights of the Series A Preferred Stock so as to affect them adversely without the affirmative vote of the holders of at least two-thirds of the outstanding Series A Preferred Stock, voting together as a single class.

Article V Board of Directors

A. Election and Removal of Directors

1. The Board of Directors shall consist of not less than seven (7) or more than twelve (12) persons, the exact number to be fixed from time to time exclusively by the Board of Directors pursuant to a resolution adopted by a majority of the total number of authorized directors (whether or not there exist any vacancies in previously authorized directorships at the time any such resolution is presented to the Board for adoption), provided, however, this provision shall not act to limit Board size in the event the holders of one or more series of Preferred Stock are entitled to elect directors to the exclusion of holders of Common Stock. Each director who is serving as a director on the date of this Amended and Restated Certificate of Incorporation shall hold office until the next annual meeting of stockholders following such date and until his or her successor has been duly elected and qualified, notwithstanding that such director may have been elected for a term that extended beyond the date of such next annual meeting of stockholders. At each annual meeting of the stockholders of the Corporation after the date of this Amended and Restated Certificate of Incorporation, directors elected at such annual meeting shall hold office until the next annual meeting of stockholders and until their successors have been duly elected and qualified.

2. Notwithstanding the foregoing and except as otherwise provided by law, whenever the holders of any series of Preferred Stock shall have the right (to the exclusion of holders of Common Stock) to elect directors of the Corporation pursuant to the provisions of Article IV or any resolution adopted pursuant thereto, the election of such directors of the Corporation shall be governed by the terms and provisions of Article IV or said resolutions and such directors shall be elected to hold office for a term expiring at the annual meeting of stockholders held in the first year following their election or, if such right of the holders of the Preferred Stock is terminated, for a term expiring in accordance with the provisions of Article IV or such resolutions.

3. Newly-created directorships resulting from any increase in the authorized number of directors or any vacancies in the Board of Directors resulting from death, resignation, retirement, disqualification, removal from office or other cause may be filled only by a majority vote of the directors then in office, even though less than a quorum of the Board of Directors, acting at a regular or special meeting. If any applicable provision of the Delaware General Corporation Law, Article IV or any resolution adopted pursuant to Article IV expressly confers power on stockholders to fill such a directorship at a special meeting of stockholders, such a directorship may be filled at such a meeting only by the affirmative vote of a majority of the combined voting powers of the outstanding shares of stock of the Corporation entitled to vote generally; provided, however, that when (a) pursuant to the provisions of Article IV or any resolutions adopted pursuant thereto, the holders of any series of Preferred Stock have the right (to the exclusion of holders of the Common Stock), and have exercised such right, to elect directors and (b) Delaware General Corporation Law, Article IV or any such resolution expressly confers on stockholders voting rights as aforesaid, if the directorship to be filled had been occupied by a director elected by the holders of Common Stock, then such directorship shall be filled by a

majority vote as aforesaid, but if such directorship to be filled had been elected by holders of Preferred Stock, then such directorship shall be filled in accordance with Article IV or the applicable resolutions adopted under Article IV. Any director elected in accordance with the two preceding sentences shall hold office until such director's successor shall have been elected and qualified unless such director was elected by holders of Preferred Stock (acting to the exclusion of the holders of Common Stock), in which case such director's term shall expire in accordance with Article IV or the applicable resolutions adopted pursuant to Article IV. No decrease in the number of authorized directors constituting the entire Board of Directors shall shorten the term of any incumbent director, except as otherwise provided in Article IV or the applicable resolutions adopted pursuant to Article IV with respect to directorships created pursuant to one or more series of Preferred Stock.

4. Subject to the rights of the holders of any series of Preferred Stock to elect directors under specified circumstances, any director or directors may be removed from office at any time, but only for cause and only by the affirmative vote of a majority of the combined voting power of all of the then-outstanding shares of stock of the Corporation entitled to vote generally, voting together as a single class (it being understood that for all purposes of this Article V, each share of Preferred Stock shall have the number of votes, if any, granted to it pursuant to this Amended and Restated Certificate of Incorporation or any resolution adopted pursuant to Article IV).

5. Notwithstanding any other provision of this Amended and Restated Certificate of Incorporation or any provision of law which might otherwise permit a lesser vote or no vote, but in addition to any affirmative vote of the holders of any particular class or series of the stock of the Corporation required by law, this Amended and Restated Certificate of Incorporation or any resolution adopted pursuant to Article IV, the affirmative vote of a majority of the total number of authorized directors (whether or not there exist any vacancies in previously authorized directorships at the time any such alteration, amendment or repeal is presented to the Board for adoption), shall be required to alter, amend or repeal this Article V, or any provision hereof.

B. Liability, Indemnification and Insurance

1. Limitation on Liability. To the fullest extent that the Delaware General Corporation Law as it exists on the date hereof or as it may hereafter be amended permits the limitation or elimination of the personal liability of directors, no director of the Corporation shall be liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director. No amendment to or repeal of this Section B.1 shall apply to or have any effect on the liability or alleged liability of any director of the Corporation for or with respect to any acts or omissions of such director occurring prior to such amendment or repeal.

2. Right to Indemnification. The Corporation shall to the fullest extent permitted by applicable law as then in effect indemnify any person (the Indemnitee) who was or is involved in any manner (including, without limitation, as a party or a witness) or is threatened to be made so involved in any threatened, pending or completed investigation, claim, action, suit or proceeding, whether civil, criminal, administrative or investigative (including, without limitation, any action, suit or proceeding by or in the right of the Corporation to procure a judgment in its favor) (a "Proceeding") by reason of the fact that such person is or was a director, officer, employee or agent of the Corporation, or of NiSource Corporate Services Company or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise (including, without limitation, any employee benefit plan) against all expenses including attorneys' fees, judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such Proceeding. Such indemnification shall be a contract right and shall include the right to receive payment of any expenses incurred by the Indemnitee in connection with such Proceeding in advance of its final disposition, consistent with the provisions of applicable law as then in effect.

3. Insurance, Contracts and Funding. The Corporation may purchase and maintain insurance to protect itself and any Indemnitee against any expenses, judgments, fines and amounts paid in settlement as specified in Subsection B.2 of this Section B or incurred by any Indemnitee in connection with any Proceeding referred to in Subsection B.2 of this Section B, to the fullest extent permitted by applicable law as then in effect. The Corporation may enter into contracts with any director, officer, employee or agent of the Corporation in furtherance of the provisions of this Section B and may create a trust fund, grant a security interest or use other means (including, without limitation, a letter of credit) to ensure the payment of such amounts as may be necessary to effect indemnification as provided in this Section B.

4. Indemnification: No Exclusive Right. The right of indemnification provided in this Section B shall not be exclusive of any other rights to which those seeking indemnification may otherwise be entitled, and the provisions of this Section B shall inure to the benefit of the heirs and legal representatives of any person entitled to indemnity under this Section B and shall be applicable to Proceedings commenced or continuing after the adoption of this Section B, whether arising from acts or omissions occurring before or after such adoption.

5. Advancement of Expenses; Procedures; Presumptions and Effect of Certain Proceedings; Remedies. In furtherance, but not in limitation of the foregoing provisions, the following procedures, presumptions and remedies shall apply with respect to advancement of expenses and the right to indemnification under this Section B:

(a) Advancement of Expenses. All reasonable expenses incurred by or on behalf of the Indemnitee in connection with any Proceeding shall be advanced to the Indemnitee by the Corporation within twenty (20) days after the receipt by the Corporation of a statement or statements from the Indemnitee requesting such advance or advances from time to time, whether prior to or after final disposition of such Proceeding. Such statement or statements shall reasonably evidence the expenses incurred by the Indemnitee and, if required by law at the time of such advance, shall include or be accompanied by an undertaking by or on behalf of the Indemnitee to repay the amounts advanced if it should ultimately be determined that the Indemnitee is not entitled to be indemnified against such expenses pursuant to this Section B.

(b) Procedure for Determination of Entitlement to Indemnification.

(i) To obtain indemnification under this Section B, an Indemnitee shall submit to the Secretary of the Corporation a written request, including such documentation and information as is reasonably available to the Indemnitee and reasonably necessary to determine whether and to what extent the Indemnitee is entitled to indemnification (the "Supporting Documentation"). The determination of the Indemnitee's entitlement to indemnification shall be made not later than sixty (60) days after receipt by the Corporation of the written request for indemnification together with the Supporting Documentation. The Secretary of the Corporation shall, promptly upon receipt of such a request for indemnification, advise the Board of Directors in writing that the Indemnitee has requested indemnification.

(ii) The Indemnitee's entitlement to indemnification under this Section B shall be determined in one of the following ways: (A) by a majority vote of the Disinterested Directors (as hereinafter defined), even if they constitute less than a quorum of the Board; (B) by a written opinion of Independent Counsel (as hereinafter defined) if (x) a Change of Control (as hereinafter defined) shall have occurred and the Indemnitee so requests or (y) there are no Disinterested Directors or a majority of such Disinterested Directors so directs; (C) by the stockholders of the Corporation (but only if a majority of the Disinterested Directors presents the issue of entitlement to indemnification to the stockholders for their determination); or (D) as provided in Section B.5(c).

(iii) In the event the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section B.5(b)(ii), a majority of the Disinterested Directors shall select the Independent Counsel (except that if there are no Disinterested Directors, the Corporation's General Counsel shall select the Independent Counsel), but only an Independent Counsel to which the Indemnitee does not reasonably object; provided, however, that if a Change of Control shall have occurred, the Indemnitee shall select such Independent Counsel, but only an Independent Counsel to which the Board of Directors does not reasonably object.

(iv) The only basis upon which a finding of no entitlement to indemnification may be made is that indemnification is prohibited by law.

(c) Presumptions and Effect of Certain Proceedings. Except as otherwise expressly provided in this Section B, if a Change of Control shall have occurred, the Indemnitee shall be presumed to be entitled to indemnification under this Section B upon submission of a request for indemnification together with the Supporting Documentation in accordance with Section B.5(b)(i), and thereafter the Corporation shall have the burden of proof to overcome that presumption in reaching a contrary determination. In any event, if the person or persons empowered under Section B.5(b) to determine entitlement to indemnification shall not have been appointed or shall not have made a determination within sixty (60) days after receipt by the Corporation of the request therefor together with the Supporting Documentation, the Indemnitee shall be deemed to be entitled to indemnification and the Indemnitee shall be entitled to such indemnification unless (A) the Indemnitee misrepresented or failed to disclose a material fact in making the request for indemnification or in the Supporting Documentation or (B) such indemnification is prohibited by law. The termination of any Proceeding described in Section B.2, or of any claim, issue or matter therein, by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, adversely affect the right of the Indemnitee to indemnification or create a presumption that the Indemnitee did not act in good faith and in a manner which the Indemnitee reasonably believed to be in or not opposed to the best interests of the Corporation or, with respect to any criminal Proceeding, that the Indemnitee had reasonable cause to believe that the Indemnitee's conduct was unlawful.

(d) Remedies of Indemnitee.

(i) In the event that a determination is made, pursuant to Section B.5(b) that the Indemnitee is not entitled to indemnification under this Section B, (A) the Indemnitee shall be entitled to seek an adjudication of his entitlement to such indemnification either, at the Indemnitee's sole option, in (x) an appropriate court of the State of Delaware or any other court of competent jurisdiction or (y) an arbitration to be conducted by a single arbitrator pursuant to the rules of the American Arbitration Association; (B) any such judicial Proceeding or arbitration shall be de novo and the Indemnitee shall not be prejudiced by reason of such adverse determination; and (C) in any such judicial Proceeding or arbitration the Corporation shall have the burden of proving that the Indemnitee is not entitled to indemnification under this Section B.

(ii) If a determination shall have been made or deemed to have been made, pursuant to Section B.5(b) or (c), that the Indemnitee is entitled to indemnification, the Corporation shall be obligated to pay the amounts constituting such indemnification within five (5) days after such determination has been made or deemed to have been made and shall be conclusively bound by such determination unless (A) the Indemnitee misrepresented or failed to disclose a material fact in making the request for indemnification or in the Supporting Documentation or (B) such indemnification is prohibited by law. In the event that (x) advancement of expenses is not timely made pursuant to Section B.5(a) or (y) payment of indemnification is not made within five (5) days after a determination of entitlement to indemnification has been made or deemed to have been made pursuant to Section B.5(b) or (c), the Indemnitee shall be entitled to seek judicial enforcement of the Corporation's obligation to pay to the Indemnitee such advancement of expenses or indemnification. Notwithstanding the foregoing, the Corporation may bring an action, in an appropriate court in the State of Delaware or any other court of competent jurisdiction, contesting the right of the Indemnitee to receive indemnification hereunder due to the occurrence of an event described in subclause (A) or (B) of this clause (ii) (a "Disqualifying Event"); provided, however, that in any such action the Corporation shall have the burden of proving the occurrence of such Disqualifying Event.

(iii) The Corporation shall be precluded from asserting in any judicial Proceeding or arbitration commenced pursuant to this Section B.5(d) that the procedures and preemptions of this Section B are not valid, binding and enforceable and shall stipulate in any such court or before any such arbitrator that the Corporation is bound by all the provisions of this Section B.

(iv) In the event that the Indemnitee, pursuant to this Section B.5(d), seeks a judicial adjudication of or an award in arbitration to enforce his rights under, or to recover damages for breach of, this Section B, the Indemnitee shall be entitled to recover from the Corporation, and shall be indemnified by the Corporation against, any expenses actually and reasonably incurred by the Indemnitee if the Indemnitee prevails in such judicial adjudication or arbitration. If it shall be determined in such judicial adjudication or arbitration that the Indemnitee is entitled to receive part but not all of the indemnification or advancement of expenses sought, the expenses incurred by the Indemnitee in connection with such judicial adjudication or arbitration shall be prorated accordingly.

(e) Definitions. For purposes of this Section B.5:

(i) "Change in Control" means (A) so long as the Public Utility Holding Company Act of 1935 is in effect, any "company" becoming a "holding company in respect to the Corporation or any determination by the Securities and Exchange Commission that any "person" should be subject to the obligations, duties, and liabilities if imposed by said Act by virtue of his, hers or its influence over the management or policies of the Corporation, or (B) whether or not said Act is in effect a change in control of the Corporation of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A promulgated under the Securities Exchange Act of 1934 (the "Exchange Act"), whether or not the Corporation is then subject to such reporting requirement; provided that, without limitation, such a change in control shall be deemed to have occurred if (i) any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Corporation representing ten percent or more of the combined voting power of the Corporation's then outstanding securities without the prior approval of at least two-thirds of the members of the Board of Directors in office immediately prior to such acquisition; (ii) the Corporation is a party to a merger, consolidation, sale of assets or other reorganization, or a proxy contest, as a consequence of which members of the Board of Directors in office immediately prior to such transaction or event constitute less than a majority of the Board of Directors thereafter; or (iii) during any period of two consecutive years, individuals who at the beginning of such period

constituted the Board of Directors (including for this purpose any new director whose election or nomination for election by the Corporation's stockholders was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of such period) cease for any reason to constitute at least a majority of the Board of Directors.

(ii) "Disinterested Director" means a director of the Corporation who is not or was not a party to the Proceeding in respect of which indemnification is sought by the Indemnitee.

(iii) "Independent Counsel" means a law firm or a member of a law firm that neither presently is, nor in the past five years has been, retained to represent: (A) the Corporation or the Indemnitee in any matter material to either such party or (B) any other party to the Proceeding giving rise to a claim for indemnification under this Section B. Notwithstanding the foregoing, the term "Independent Counsel" shall not include any person who, under the applicable standards of professional conduct then prevailing under Delaware law, would have a conflict of interest in representing either the Corporation or the Indemnitee in an action to determine the Indemnitee's rights under this Section B.

6. Severability. If any provision or provisions of this Section B shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (i) the validity, legality and enforceability of the remaining provision of this Section B (including, without limitation, all portions of any paragraph of this Section B containing any such provision held to be invalid, illegal or unenforceable, that are not themselves invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby; and (ii) to the fullest extent possible, the provisions of this Section B (including, without limitation, all portions of any paragraph of this Section B containing any such provision held to be invalid, illegal or unenforceable, that are not themselves invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal or unenforceable.

7. Successor Laws, Regulations and Agencies. Reference herein to laws, regulations or agencies shall be deemed to include all amendments thereof, substitutions therefor and successors thereto.

Article VI

General Powers of the Board of Directors

A. Bylaws

The Board of Directors shall have the power to make, alter, amend and repeal the Bylaws of the Corporation in such form and with such terms as the Board may determine, subject to the power granted to stockholders to alter or repeal the Bylaws provided under Delaware law; provided, however, that, notwithstanding any other provision of this Amended and Restated Certificate of Incorporation or any provision of law which might otherwise permit a lesser vote or no vote, the affirmative vote of a majority of the total number of authorized directors (whether or not there exist any vacancies in previously authorized directorships at the time any such alteration, amendment or repeal is presented to the Board for adoption), shall be required to alter, amend or repeal any provision of the Bylaws which is to the same effect as any one or more sections of this Article VI.

B. Charter Amendments

Subject to the provisions hereof, the Corporation, through its Board of Directors, reserves the right at any time, and from time to time, to amend, alter, repeal or rescind any provision contained in this Amended and Restated Certificate of Incorporation in the manner now or hereinafter prescribed by law, and any other provisions authorized by Delaware law at the time enforced may be added or inserted, in the manner now or hereinafter prescribed by law, and any and all rights, preferences and privileges of whatsoever nature conferred upon stockholders, directors or any other persons whomsoever by and pursuant to this Amended and Restated Certificate of Incorporation in its present form or as hereinafter amended are granted subject to the rights reserved in this Article.

**Certification Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002**

I, Joseph Hamrock, certify that:

1. I have reviewed this quarterly Report of NiSource Inc. on Form 10- for the quarter ended June 30, 2015 ;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 3, 2015

By:

/s/ Joseph Hamrock

Joseph Hamrock

President and Chief Executive Officer

**Certification Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the quarterly Report of NiSource Inc. (the "Company") on Form 10- for the quarter ending June 30, 2015 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Joseph Hamrock, Chief Executive Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Joseph Hamrock

Joseph Hamrock
President and Chief Executive Officer

Date: August 3, 2015

**Certification Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the quarterly Report of NiSource Inc. (the "Company") on Form 10- for the quarter ending June 30, 2015 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Donald E. Brown, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Donald E. Brown

Donald E. Brown
Executive Vice President and Chief Financial Officer

Date: August 3, 2015

NISOURCE INC/DE

FORM 10-Q (Quarterly Report)

Filed 11/03/15 for the Period Ending 09/30/15

Address	801 EAST 86TH AVE MERRILLVILLE, IN 46410-6272
Telephone	2196475200
CIK	0001111711
Symbol	NI
Fiscal Year	12/31

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2015

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 001-16189

NiSource Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

35-2108964

(I.R.S. Employer
Identification No.)

801 East 86th Avenue
Merrillville, Indiana

(Address of principal executive offices)

46410

(Zip Code)

(877) 647-5990

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files.)

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: Common Stock, \$0.01 Par Value:
318,671,280 shares outstanding at October 27, 2015 .

NISOURCE INC.
FORM 10-Q QUARTERLY REPORT
FOR THE QUARTER ENDED SEPTEMBER 30, 2015

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DEFINED TERMS

The following is a list of frequently used abbreviations or acronyms that are found in this report:

NiSource Subsidiaries, Affiliates and Former Subsidiaries

Capital Markets	NiSource Capital Markets, Inc.
CGORC	Columbia Gas of Ohio Receivables Corporation
Columbia of Kentucky	Columbia Gas of Kentucky, Inc.
Columbia of Maryland	Columbia Gas of Maryland, Inc.
Columbia of Massachusetts	Bay State Gas Company
Columbia of Ohio	Columbia Gas of Ohio, Inc.
Columbia OpCo	CPG OpCo LP
Columbia of Pennsylvania	Columbia Gas of Pennsylvania, Inc.
Columbia of Virginia	Columbia Gas of Virginia, Inc.
CPG	Columbia Pipeline Group, Inc.
CPPL	Columbia Pipeline Partners LP
CPRC	Columbia Gas of Pennsylvania Receivables Corporation
NARC	NIPSCO Accounts Receivable Corporation
NDC Douglas Properties	NDC Douglas Properties, Inc.
NIPSCO	Northern Indiana Public Service Company
NiSource	NiSource Inc.
NiSource Corporate Services	NiSource Corporate Services Company
NiSource Development Company	NiSource Development Company, Inc.
NiSource Finance	NiSource Finance Corp.

Abbreviations and Other

AFUDC	Allowance for funds used during construction
AOI	Accumulated Other Comprehensive Income (Loss)
ASU	Accounting Standards Update
BNS	Bank of Nova Scotia
BTMU	The Bank of Tokyo-Mitsubishi UFJ, LTD.
CAA	Clean Air Act
CAMR	Clean Air Mercury Rule
CCRs	Coal Combustion Residuals
CERCLA	Comprehensive Environmental Response Compensation and Liability Act (also known as Superfund)
CO ₂	Carbon Dioxide
DPU	Department of Public Utilities
DSM	Demand Side Management
ECR	Environmental Cost Recovery
ECRM	Environmental Cost Recovery Mechanism
ECT	Environmental Cost Tracker
EERM	Environmental Expense Recovery Mechanism
EGUs	Electric Utility Generating Units
EPA	United States Environmental Protection Agency
EPS	Earnings per share
FAC	Fuel adjustment clause
FASB	Financial Accounting Standards Board

DEFINED TERMS (continued)

FERC	Federal Energy Regulatory Commission
FGD	Flue Gas Desulfurization
FIP	Federal Implementation Plan
FTRs	Financial Transmission Rights
GAAP	Generally Accepted Accounting Principles
GCR	Gas cost recovery
GHG	Greenhouse gases
gwh	Gigawatt hours
IDEM	Indiana Department of Environmental Management
IRP	Infrastructure Replacement Program
IURC	Indiana Utility Regulatory Commission
kV	Kilovolt
LDCs	Local distribution companies
LIFO	Last-in, first-out
MATS	Mercury and Air Toxics Standards
MGP	Manufactured Gas Plant
MISO	Midcontinent Independent System Operator
Mizuho	Mizuho Corporate Bank Ltd.
MMDth	Million dekatherms
NAAQS	National Ambient Air Quality Standards
NYMEX	New York Mercantile Exchange
OPEB	Other Postretirement Benefits
OUCC	Indiana Office of Utility Consumer Counselor
PNC	PNC Bank, N.A.
Pure Air Separation	Pure Air on the Lake LP The separation of NiSource's natural gas pipeline, midstream and storage business from NiSource's natural gas and electric utility business accomplished through the pro rata distribution by NiSource to holders of its outstanding common stock of all the outstanding shares of common stock of CPG. The Separation was completed on July 1, 2015.
ppb	Parts per billion
PUC	Public Utility Commission
PUCO	Public Utilities Commission of Ohio
RA	Resource Adequacy
RAAF	Residential Assistance Adjustment Factor
SEC	Securities and Exchange Commission
SO ₂	Sulfur dioxide
TDSIC	Transmission, Distribution and Storage System Improvement Charge
TSA	Transition Services Agreement
TUAs	Transmission Upgrade Agreements
VIE	Variable Interest Entities
VSCC	Virginia State Corporation Commission

PART I**ITEM 1. FINANCIAL STATEMENTS****NiSource Inc.
Condensed Statements of Consolidated (Loss) Income (unaudited)**

<i>(in millions, except per share amounts)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Net Revenues				
Gas Distribution	\$ 208.9	\$ 240.3	\$ 1,595.5	\$ 1,878.8
Gas Transportation	172.1	170.5	739.9	710.5
Electric	428.4	424.6	1,198.7	1,279.4
Other	7.8	2.8	19.9	10.4
Gross Revenues	817.2	838.2	3,554.0	3,879.1
Cost of Sales (excluding depreciation and amortization)	209.1	262.4	1,307.3	1,769.6
Total Net Revenues	608.1	575.8	2,246.7	2,109.5
Operating Expenses				
Operation and maintenance	311.1	327.4	1,076.9	990.5
Depreciation and amortization	132.5	123.8	391.0	363.1
Loss on sale of assets	1.1	0.1	1.2	1.5
Other taxes	53.7	53.4	197.2	192.2
Total Operating Expenses	498.4	504.7	1,666.3	1,547.3
Operating Income	109.7	71.1	580.4	562.2
Other Income (Deductions)				
Interest expense, net	(94.9)	(94.7)	(285.9)	(287.4)
Other, net	5.8	5.7	11.6	13.4
Loss on early extinguishment of long-term debt	—	—	(97.2)	—
Total Other Deductions	(89.1)	(89.0)	(371.5)	(274.0)
Income (Loss) from Continuing Operations before Income Taxes	20.6	(17.9)	208.9	288.2
Income Taxes	5.8	(0.7)	74.7	111.5
Income (Loss) from Continuing Operations	14.8	(17.2)	134.2	176.7
(Loss) Income from Discontinued Operations - net of taxes	(19.7)	48.6	108.5	199.1
Net (Loss) Income	(4.9)	31.4	242.7	375.8
Less: Net income attributable to noncontrolling interest	—	—	15.6	—
Net (Loss) Income attributable to NiSource	\$ (4.9)	\$ 31.4	\$ 227.1	\$ 375.8
Amounts attributable to NiSource:				
Income (Loss) from continuing operations	\$ 14.8	\$ (17.2)	\$ 134.2	\$ 176.7
(Loss) Income from discontinued operations	(19.7)	48.6	92.9	199.1
Net (Loss) Income attributable to NiSource	\$ (4.9)	\$ 31.4	\$ 227.1	\$ 375.8
Basic (Loss) Earnings Per Share				
Continuing operations	\$ 0.05	\$ (0.05)	\$ 0.42	\$ 0.56
Discontinued operations	(0.07)	0.15	0.30	0.63
Basic (Loss) Earnings Per Share	\$ (0.02)	\$ 0.10	\$ 0.72	\$ 1.19
Diluted (Loss) Earnings Per Share				
Continuing operations	\$ 0.05	\$ (0.05)	\$ 0.42	\$ 0.56
Discontinued operations	(0.07)	0.15	0.29	0.63
Diluted (Loss) Earnings Per Share	\$ (0.02)	\$ 0.10	\$ 0.71	\$ 1.19
Dividends Declared Per Common Share	\$ 0.31	\$ 0.26	\$ 0.83	\$ 1.02
Basic Average Common Shares Outstanding	318.1	315.4	317.4	314.9
Diluted Average Common Shares	321.5	315.4	320.7	316.0

The accompanying Notes to Condensed Consolidated Financial Statements (unaudited) are an integral part of these statements.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Condensed Statements of Consolidated Comprehensive (Loss) Income (unaudited)

<i>(in millions, net of taxes)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Net (Loss) Income	\$ (4.9)	\$ 31.4	\$ 242.7	\$ 375.8
Other comprehensive income				
Net unrealized gain (loss) on available-for-sale securities ⁽¹⁾	0.3	(0.6)	—	0.2
Net unrealized gain on cash flow hedges ⁽²⁾	0.2	0.6	1.8	1.9
Unrecognized pension and OPEB benefit (cost) ⁽³⁾	(0.2)	(0.2)	2.7	(0.1)
Total other comprehensive income (loss)	0.3	(0.2)	4.5	2.0
Comprehensive (Loss) Income	\$ (4.6)	\$ 31.2	\$ 247.2	\$ 377.8
Less: Comprehensive income attributable to noncontrolling interest	—	—	15.6	—
Comprehensive (Loss) Income attributable to NiSource	\$ (4.6)	\$ 31.2	\$ 231.6	\$ 377.8

⁽¹⁾ Net unrealized gain (loss) on available-for-sale securities, net of \$ 0.2 million tax expense and \$ 0.3 million tax benefit in the third quarter of 2015 and 2014, respectively, and zero and \$0.1 million tax expense for the first nine months of 2015 and 2014, respectively.

⁽²⁾ Net unrealized gains on derivatives qualifying as cash flow hedges, net of \$ 0.2 million and \$0.4 million tax expense in the third quarter of 2015 and 2014, respectively, and \$1.1 million and \$1.2 million tax expense for the first nine months of 2015 and 2014, respectively.

⁽³⁾ Unrecognized pension and OPEB (cost) benefit net of \$0.1 million and zero tax benefit in the third quarter of 2015 and 2014, respectively, and \$2.1 million tax expense and \$0.7 million tax benefit for the first nine months of 2015 and 2014, respectively.

The accompanying Notes to Condensed Consolidated Financial Statements (unaudited) are an integral part of these statements.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Condensed Consolidated Balance Sheets (unaudited)

<i>(in millions)</i>	September 30, 2015	December 31, 2014
ASSETS		
Property, Plant and Equipment		
Utility plant	\$ 18,484.8	\$ 17,668.4
Accumulated depreciation and amortization	(6,811.5)	(6,629.5)
Net utility plant	11,673.3	11,038.9
Other property, at cost, less accumulated depreciation	17.4	18.5
Net Property, Plant and Equipment	11,690.7	11,057.4
Investments and Other Assets		
Unconsolidated affiliates	6.7	8.3
Other investments	195.8	204.8
Total Investments and Other Assets	202.5	213.1
Current Assets		
Cash and cash equivalents	31.7	24.9
Restricted cash	27.9	24.9
Accounts receivable (less reserve of \$20.7 and \$24.9, respectively)	500.5	920.8
Gas inventory	398.9	440.3
Underrecovered gas costs	7.1	32.0
Materials and supplies, at average cost	84.2	81.1
Electric production fuel, at average cost	81.1	64.8
Exchange gas receivable	19.7	28.3
Assets of discontinued operations	—	341.3
Regulatory assets	183.7	187.4
Deferred income taxes	227.1	214.2
Prepayments and other	75.9	106.5
Total Current Assets	1,637.8	2,466.5
Other Assets		
Regulatory assets	1,507.5	1,544.5
Goodwill	1,690.7	1,690.7
Intangible assets	256.4	264.7
Assets of discontinued operations	—	7,546.0
Deferred charges and other	70.3	83.4
Total Other Assets	3,524.9	11,129.3
Total Assets	\$ 17,055.9	\$ 24,866.3

The accompanying Notes to Condensed Consolidated Financial Statements (unaudited) are an integral part of these statements.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Condensed Consolidated Balance Sheets (unaudited) (continued)

<i>(in millions, except share amounts)</i>	September 30, 2015	December 31, 2014
CAPITALIZATION AND LIABILITIES		
Capitalization		
Common Stockholders' Equity		
Common stock - \$0.01 par value, 400,000,000 shares authorized; 318,474,781 and 316,037,421 shares outstanding, respectively	\$ 3.2	\$ 3.2
Additional paid-in capital	5,078.6	4,787.6
Retained (deficit) earnings	(1,182.7)	1,494.0
Accumulated other comprehensive loss	(19.6)	(50.6)
Treasury stock	(79.2)	(58.9)
Total Common Stockholders' Equity	3,800.3	6,175.3
Long-term debt, excluding amounts due within one year	6,133.5	8,155.9
Total Capitalization	9,933.8	14,331.2
Current Liabilities		
Current portion of long-term debt	442.6	266.6
Short-term borrowings	107.2	1,576.9
Accounts payable	349.2	610.1
Dividends payable	49.3	—
Customer deposits and credits	255.4	280.9
Taxes accrued	137.0	169.2
Interest accrued	77.5	140.7
Overrecovered gas and fuel costs	169.2	45.6
Exchange gas payable	66.8	101.5
Deferred revenue	9.3	3.4
Regulatory liabilities	120.2	61.1
Accrued liability for postretirement and postemployment benefits	5.2	5.3
Liabilities of discontinued operations	—	369.0
Legal and environmental	36.8	22.7
Accrued compensation and employee benefits	125.9	166.8
Other accruals	121.7	144.5
Total Current Liabilities	2,073.3	3,964.3
Other Liabilities and Deferred Credits		
Deferred income taxes	2,513.9	2,380.0
Deferred investment tax credits	15.4	17.1
Deferred credits	99.4	100.9
Accrued liability for postretirement and postemployment benefits	665.2	733.9
Liabilities of discontinued operations	—	1,616.3
Regulatory liabilities	1,387.1	1,379.6
Asset retirement obligations	181.2	136.2
Other noncurrent liabilities	186.6	206.8
Total Other Liabilities and Deferred Credits	5,048.8	6,570.8
Commitments and Contingencies (Refer to Note 16, "Other Commitments and Contingencies")		
	—	—
Total Capitalization and Liabilities	\$ 17,055.9	\$ 24,866.3

The accompanying Notes to Condensed Consolidated Financial Statements (unaudited) are an integral part of these statements.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Condensed Statements of Consolidated Cash Flows (unaudited)

Nine Months Ended September 30, <i>(in millions)</i>	2015	2014
Operating Activities		
Net Income	\$ 242.7	\$ 375.8
Adjustments to Reconcile Net Income to Net Cash from Continuing Operations:		
Loss on early extinguishment of debt	97.2	—
Depreciation and amortization	391.0	363.1
Net changes in price risk management assets and liabilities	2.0	1.9
Deferred income taxes and investment tax credits	60.1	110.1
Deferred revenue	7.3	(0.4)
Stock compensation expense and 401(k) profit sharing contribution	38.6	50.2
Loss on sale of assets	1.2	1.5
Income from unconsolidated affiliates	0.8	0.6
Income from discontinued operations - net of taxes	(108.5)	(199.1)
Amortization of debt related costs	6.8	7.5
AFUDC equity	(7.7)	(7.4)
Changes in Assets and Liabilities		
Accounts receivable	420.3	360.3
Inventories	19.8	(170.5)
Accounts payable	(287.5)	(228.7)
Customer deposits and credits	(25.5)	(5.0)
Taxes accrued	(30.6)	(31.1)
Interest accrued	(63.1)	(54.7)
Over (Under) recovered gas and fuel costs	148.5	(19.2)
Exchange gas receivable/payable	(26.1)	(57.2)
Other accruals	(57.1)	(29.5)
Prepayments and other current assets	30.1	33.9
Regulatory assets/liabilities	111.1	(18.1)
Postretirement and postemployment benefits	(61.0)	(86.7)
Deferred credits	(1.3)	10.7
Deferred charges and other noncurrent assets	10.8	5.5
Other noncurrent liabilities	(13.6)	5.3
Net Operating Activities from Continuing Operations	906.3	418.8
Net Operating Activities from Discontinued Operations	287.6	467.7
Net Cash Flows from Operating Activities	1,193.9	886.5
Investing Activities		
Capital expenditures	(923.4)	(914.3)
Proceeds from disposition of assets	4.3	1.6
Restricted cash deposits	(3.0)	(8.1)
Cash contributions from CPG	3,798.2	—
Other investing activities	(39.9)	(7.4)
Net Investing Activities from (used for) Continuing Operations	2,836.2	(928.2)
Net Investing Activities used for Discontinued Operations	(430.0)	(584.0)
Net Cash Flows from (used for) Investing Activities	2,406.2	(1,512.2)
Financing Activities		
Cash of CPG at Separation	(136.8)	—
Issuance of long-term debt	—	748.4
Repayments of long-term debt and capital lease obligations	(1,859.1)	(517.1)
Premiums and other debt related costs	(93.5)	—

Change in short-term borrowings, net	(1,396.6)	612.3
Issuance of common stock	17.9	22.4
Acquisition of treasury stock	(20.3)	(10.2)
Dividends paid - common stock	(214.0)	(239.2)
Net Financing Activities (used for) from Continuing Operations	(3,702.4)	616.6
Net Financing Activities from Discontinued Operations	108.6	—
Net Cash Flows (used for) from Financing Activities	(3,593.8)	616.6
Change in cash and cash equivalents from continuing operations	40.1	107.2
Change in cash and cash equivalents used for discontinued operations	(33.8)	(116.3)
Change in cash included in discontinued operations	0.5	(0.1)
Cash and cash equivalents at beginning of period	24.9	26.5
Cash and Cash Equivalents at End of Period	\$ 31.7	\$ 17.3

The accompanying Notes to Condensed Consolidated Financial Statements (unaudited) are an integral part of these statements.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Condensed Statement of Consolidated Equity (unaudited)

<i>(in millions)</i>	Common Stock	Treasury Stock	Additional Paid-In Capital	Retained Earnings (Deficit)	Accumulated Other Comprehensive Income/(Loss)	Total
Balance as of January 1, 2015	\$ 3.2	\$ (58.9)	\$ 4,787.6	\$ 1,494.0	\$ (50.6)	\$ 6,175.3
Comprehensive Income:						
Net Income attributable to NiSource	—	—	—	227.1	—	227.1
Other comprehensive income, net of tax	—	—	—	—	4.5	4.5
Allocation of AOCI to noncontrolling interest ⁽²⁾	—	—	—	—	2.0	2.0
Common stock dividends (\$0.83 per share)	—	—	—	(263.5)	—	(263.5)
Distribution of CPG stock to shareholders (Note 4)	—	—	—	(2,640.3)	24.5	(2,615.8)
Treasury stock acquired	—	(20.3)	—	—	—	(20.3)
Issued:						
Employee stock purchase plan	—	—	4.0	—	—	4.0
Long-term incentive plan	—	—	17.0	—	—	17.0
401(k) and profit sharing issuance	—	—	36.7	—	—	36.7
Dividend reinvestment plan	—	—	6.2	—	—	6.2
Sale of interest in Columbia OpCo to CPPL ⁽¹⁾⁽²⁾	—	—	227.1	—	—	227.1
Balance as of September 30, 2015	\$ 3.2	\$ (79.2)	\$ 5,078.6	\$ (1,182.7)	\$ (19.6)	\$ 3,800.3

⁽¹⁾ Represents the purchase of an additional 8.4% limited partner interest in Columbia OpCo by an affiliate of CPG, recorded at the historical carrying value of Columbia OpCo's net assets after giving effect to the \$1,168.4 million equity contribution from CPPL's IPO completed on February 11, 2015.

⁽²⁾ This transaction, which occurred prior to the Separation, was distributed through retained earnings as part of the Separation on July 1, 2015 .

The accompanying Notes to Condensed Consolidated Financial Statements (unaudited) are an integral part of these statements.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited)

1. Basis of Accounting Presentation

The accompanying Condensed Consolidated Financial Statements (unaudited) for NiSource Inc. ("NiSource" or the "Company") reflect all normal recurring adjustments that are necessary, in the opinion of management, to present fairly the results of operations in accordance with GAAP in the United States of America. The accompanying financial statements contain the accounts of the Company and its majority-owned or controlled subsidiaries. The results of operations of the former Columbia Pipeline Group Operations segment have been classified as discontinued operations for all periods presented. See Note 4, "Discontinued Operations," for further information.

Unless otherwise indicated, the information in the Notes to the Condensed Consolidated Financial Statements (unaudited) relates to NiSource's continuing operations.

The accompanying financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in NiSource's Annual Report on Form 10-K for the fiscal year ended December 31, 2014. Income for interim periods may not be indicative of results for the calendar year due to weather variations and other factors.

The Condensed Consolidated Financial Statements (unaudited) have been prepared pursuant to the rules and regulations of the SEC. Certain information and note disclosures normally included in annual financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to those rules and regulations, although NiSource believes that the disclosures made in this quarterly report on Form 10-Q are adequate to make the information herein not misleading.

2. Recent Accounting Pronouncements

In July 2015, the FASB issued ASU 2015-11, *Inventory (Topic 330): Simplifying the Measurement of Inventory*. ASU 2015-11 replaces the current lower of cost or market test with a lower of cost or net realizable value test. The new standard applies only to inventories for which cost is determined by methods other than LIFO and the retail inventory method (RIM). NiSource is required to adopt ASU 2015-11 for periods beginning after December 15, 2016, including interim periods, with early adoption permitted. NiSource is currently evaluating the impact the adoption of ASU 2015-11 will have on the Condensed Consolidated Financial Statements (unaudited) or Notes to Condensed Consolidated Financial Statements (unaudited).

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. ASU 2014-09 outlines a single, comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In July 2015, the FASB deferred the effective date for ASU 2014-09 to annual reporting periods beginning after December 15, 2017, including interim periods. Companies are permitted to adopt ASU 2014-09 on the original effective date of the ASU. NiSource is currently evaluating the impact the adoption of ASU 2014-09 will have on its Condensed Consolidated Financial Statements (unaudited) or Notes to Condensed Consolidated Financial Statements (unaudited).

In April 2015, the FASB issued ASU 2015-05, *Intangibles - Goodwill and Other-Internal-Use Software (Subtopic 350-40): Customer's Accounting for Fees Paid in a Cloud Computing Arrangement*. ASU 2015-05 clarifies guidance on determining whether a cloud computing arrangement contains a software license that should be accounted for as internal-use software. NiSource is required to adopt ASU 2015-05 for periods beginning after December 15, 2015, including interim periods, and the guidance is permitted to be applied either (1) prospectively to all agreements entered into or materially modified after the effective date or (2) retrospectively, with early adoption permitted. NiSource is currently evaluating the impact the adoption of ASU 2015-05 will have on the Condensed Consolidated Financial Statements (unaudited) or Notes to Condensed Consolidated Financial Statements (unaudited).

In April 2015, the FASB issued ASU 2015-03, *Interest - Imputation of Interest (Subtopic 835-30) : Simplifying the Presentation of Debt Issuance Costs*. ASU 2015-03 changes the way entities present debt issuance costs in financial statements by presenting issuance costs on the balance sheet as a direct deduction from the related debt liability rather than as a deferred charge. Amortization of these costs will continue to be reported as interest expense. NiSource is required to adopt ASU 2015-03 for periods beginning after December 15, 2015, including interim periods, and the guidance is to be applied retrospectively with early adoption permitted. NiSource is currently evaluating the impact the adoption of ASU 2015-03 will have on the Condensed Consolidated Financial Statements (unaudited) or Notes to Condensed Consolidated Financial Statements (unaudited).

[Table of Contents](#)ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

3. Earnings Per Share

Basic EPS is computed by dividing net income attributable to NiSource by the weighted-average number of shares of common stock outstanding for the period. The weighted-average shares outstanding for diluted EPS includes the incremental effects of the various long-term incentive compensation plans. The numerator in calculating both basic and diluted EPS for each period is reported net income attributable to NiSource. The computation of diluted average common shares for the three months ended September 30, 2014 is not presented since NiSource had a loss from continuing operations on the Condensed Statements of Consolidated (Loss) Income (unaudited) during the period and any incremental shares would have an antidilutive effect on EPS. The computation of diluted average common shares is as follows:

<i>(in thousands)</i>	Three Months Ended	Nine Months Ended	
	September 30,	September 30,	
	2015	2015	2014
Denominator			
Basic average common shares outstanding	318,090	317,390	314,889
Dilutive potential common shares:			
Stock options	—	—	30
Shares contingently issuable under employee stock plans	—	—	649
Shares restricted under stock plans ⁽¹⁾	3,375	3,328	438
Diluted Average Common Shares	321,465	320,718	316,006

⁽¹⁾ Change due to Separation-related adjustments, see Note 15, "Share-Based Compensation."

4. Discontinued Operations

On July 1, 2015, NiSource completed the Separation of CPG from NiSource through a special pro rata stock dividend, distributing one share of CPG common stock for every one share of NiSource common stock held by any NiSource stockholder on June 19, 2015, the record date. The Separation resulted in two stand-alone energy infrastructure companies: NiSource, a fully regulated natural gas and electric utilities company, and CPG, a natural gas pipeline, midstream and storage company. As a stand-alone company, CPG's operations consist of substantially all of NiSource's Columbia Pipeline Group Operations segment prior to the Separation. NiSource retained no ownership interest in CPG. On the date of the Separation, CPG consisted of approximately \$9.2 billion of assets, \$5.6 billion of liabilities and \$3.6 billion of equity.

The results of operations and cash flows for the former Columbia Pipeline Group Operations segment have been reported as discontinued operations for all periods presented. Additionally, the assets and liabilities of the former Columbia Pipeline Group Operations segment were reclassified as assets and liabilities of discontinued operations for all prior periods.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

Results from discontinued operations are provided in the following table. These results are primarily from NiSource's former Columbia Pipeline Group Operations segment.

<i>(in millions)</i>	Three Months Ended September 30, 2015			Nine Months Ended September 30, 2015		
	Columbia Pipeline Group Operations	Corporate and Other	Total	Columbia Pipeline Group Operations	Corporate and Other	Total
Net Revenues						
Transportation and storage revenues	\$ —	\$ —	\$ —	\$ 561.4	\$ —	\$ 561.4
Other revenues	—	—	—	94.3	—	94.3
Total Sales Revenues	—	—	—	655.7	—	655.7
Less: Cost of sales (excluding depreciation and amortization)	—	—	—	0.2	—	0.2
Net Revenues	—	—	—	655.5	—	655.5
Operating Expenses						
Operation and maintenance	5.5 ⁽¹⁾	—	5.5	374.8 ⁽¹⁾	—	374.8
Depreciation and amortization	—	—	—	66.4	—	66.4
Gain on sale of assets	—	—	—	(13.6)	—	(13.6)
Other taxes	—	—	—	38.0	—	38.0
Total Operating Expenses	5.5	—	5.5	465.6	—	465.6
Equity Earnings in Unconsolidated Affiliates	—	—	—	29.1	—	29.1
Operating (Loss) Income from discontinued operations	(5.5)	—	(5.5)	219.0	—	219.0
Other Income (Deductions)						
Interest expense, net	—	—	—	(37.1)	—	(37.1)
Other, net	—	—	—	7.8	(0.6)	7.2
Total Other Deductions	—	—	—	(29.3)	(0.6)	(29.9)
(Loss) Income from Discontinued Operations before Income Taxes	(5.5)	—	(5.5)	189.7	(0.6)	189.1
Income Taxes	14.2 ⁽²⁾	—	14.2	80.9	(0.3)	80.6
(Loss) Income from Discontinued Operations - net of taxes	\$ (19.7)	\$ —	\$ (19.7)	\$ 108.8	\$ (0.3)	\$ 108.5

⁽¹⁾ Includes approximately \$5.5 million and \$54.4 million for the three and nine months ended September 30, 2015, of transaction costs related to the Separation.

⁽²⁾ Primarily attributable to the write-off of consolidated state income tax benefits resulting from the Separation.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

(in millions)	Three Months Ended September 30, 2014			Nine Months Ended September 30, 2014		
	Columbia Pipeline Group Operations	Corporate and Other	Total	Columbia Pipeline Group Operations	Corporate and Other	Total
Net Revenues						
Transportation and storage revenues	\$ 243.1	\$ —	\$ 243.1	\$ 746.1	\$ —	\$ 746.1
Other revenues	74.5	—	74.5	260.6	—	260.6
Total Sales Revenues	317.6	—	317.6	1,006.7	—	1,006.7
Less: Cost of sales (excluding depreciation and amortization)	—	—	—	0.2	—	0.2
Net Revenues	317.6	—	317.6	1,006.5	—	1,006.5
Operating Expenses						
Operation and maintenance	202.1 ⁽¹⁾	—	202.1	573.3 ⁽¹⁾	—	573.3
Depreciation and amortization	29.2	—	29.2	87.7	—	87.7
Gain on sale of assets	(3.0)	—	(3.0)	(20.8)	—	(20.8)
Other taxes	14.6	—	14.6	50.3	—	50.3
Total Operating Expenses	242.9	—	242.9	690.5	—	690.5
Equity Earnings in Unconsolidated Affiliates	12.0	—	12.0	32.9	—	32.9
Operating Income from discontinued operations	86.7	—	86.7	348.9	—	348.9
Other Income (Deductions)						
Interest expense, net	(14.9)	—	(14.9)	(40.4)	—	(40.4)
Other, net	3.5	(0.2)	3.3	7.8	(1.0)	6.8
Total Other Deductions	(11.4)	(0.2)	(11.6)	(32.6)	(1.0)	(33.6)
Income (Loss) from Discontinued Operations before Income Taxes	75.3	(0.2)	75.1	316.3	(1.0)	315.3
Income Taxes	26.6	(0.1)	26.5	116.6	(0.4)	116.2
Income (Loss) from Discontinued Operations - net of taxes	\$ 48.7	\$ (0.1)	\$ 48.6	\$ 199.7	\$ (0.6)	\$ 199.1

⁽¹⁾ Includes approximately \$9.3 million and \$12.8 million for the three and nine months ended September 30, 2014, of transaction costs related to the Separation.

CPG's financing requirements prior to the private placement of senior notes on May 22, 2015 were satisfied through borrowings from NiSource Finance. Interest expense from discontinued operations primarily represents net interest charged to CPG from NiSource Finance, less AFUDC. Subsequent to May 22, 2015, interest expense from discontinued operations also includes interest incurred on CPG's private placement of \$2,750.0 million of senior notes.

Continuing Involvement

Natural gas transportation and storage services provided to NiSource by CPG were \$31.6 million and \$105.4 million for the three and nine months ended September 30, 2015 and \$31.9 million and \$106.3 million for the three and nine months ended September 30, 2014. Prior to July 1, 2015, these costs were eliminated in consolidation. Beginning July 1, 2015, these costs and associated cash flows represent third-party transactions with CPG and are not eliminated in consolidation, as such services have continued subsequent to the Separation and are expected to continue for the foreseeable future.

As a result of the Separation, NiSource and CPG entered into a Transition Services Agreement (TSA). NiSource expects the TSA to terminate within 18 months from the date of the Separation. The TSA sets forth the terms and conditions for NiSource and CPG to provide certain transition services to one another. NiSource will provide CPG certain information technology, financial and accounting, human resource and other specified services. For the period July 1, 2015 to September 30, 2015, the amounts NiSource billed CPG for these services were not significant.

[Table of Contents](#)ITEM 1. FINANCIAL STATEMENTS (continued)**NiSource Inc.****Notes to Condensed Consolidated Financial Statements (unaudited) (continued)**

There were no assets and liabilities of discontinued operations on the Condensed Consolidated Balance Sheet (unaudited) at September 30, 2015.

The assets and liabilities of discontinued operations on the Condensed Consolidated Balance Sheet (unaudited) at December 31, 2014 were:

<i>(in millions)</i>	December 31, 2014	
	Columbia Pipeline Group Operations	
Current Assets		
Cash and cash equivalents	\$	0.5
Accounts receivable, net		149.3
Gas inventory		4.8
Materials and supplies, at average cost		24.9
Exchange gas receivable		34.8
Regulatory assets		6.1
Deferred income taxes		57.9
Prepayments and other		63.0
Total current assets	\$	341.3
Noncurrent Assets		
Net property, plant and equipment	\$	4,959.7
Goodwill		1,975.5
Unconsolidated affiliates		444.3
Other investments		5.6
Regulatory assets		151.9
Deferred charges and other		9.0
Total noncurrent assets	\$	7,546.0

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

	December 31, 2014	
	Columbia Pipeline Group Operations	
<i>(in millions)</i>		
Current Liabilities		
Accounts payable	\$	60.5
Customer deposits and credits		13.4
Taxes accrued		106.9
Exchange gas payable		34.7
Deferred revenue		22.2
Regulatory liabilities		1.3
Accrued liability for postretirement and postemployment benefits		0.6
Legal and environmental		1.5
Accrued capital expenditures		61.1
Other accruals		66.8
Total current liabilities	\$	369.0
Noncurrent Liabilities		
Deferred income taxes	\$	1,272.2
Deferred investment tax credits		0.2
Deferred credits		0.2
Accrued liability for postretirement and postemployment benefits ⁽¹⁾		(58.0)
Regulatory liabilities		294.2
Asset retirement obligations		23.2
Other noncurrent liabilities		84.3
Total noncurrent liabilities	\$	1,616.3

⁽¹⁾ Represents Columbia Pipeline Group segment's overfunded position in NiSource's net underfunded other postretirement plan.

5. Asset Retirement Obligations

Certain costs of removal that have been, and continue to be, included in depreciation rates and collected in the service rates of the rate-regulated subsidiaries are classified as "Regulatory liabilities" on the Condensed Consolidated Balance Sheets (unaudited).

Changes in NiSource's liability for asset retirement obligations for the nine months ended September 30, 2015 and 2014 are presented in the table below:

<i>(in millions)</i>	2015		2014	
Balance as of January 1,	\$	136.2	\$	148.1
Accretion recorded as a regulatory asset/liability		5.9		6.3
Additions		6.4		0.3
Settlements		(4.3)		(1.3)
Change in estimated cash flows ⁽¹⁾		37.0		(7.4)
Balance as of September 30,	\$	181.2	\$	146.0

⁽¹⁾ The current year change in estimated cash flows is primarily attributable to estimated costs associated with the EPA's final rule for regulation of CCRs and changes to cost estimates for certain solid waste management units. See Note 16, "Other Commitments and Contingencies," for additional information on CCRs.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

6. Regulatory Matters

Gas Distribution Operations Regulatory Matters

Significant Rate Developments . On November 25, 2014, Columbia of Ohio filed a Notice of Intent to file an application to adjust rates associated with its IRP and DSM Riders. Columbia of Ohio filed its Application on February 27, 2015, and requested authority to increase revenues by \$24.7 million . On March 26, 2015, PUCO Staff filed Comments recommending that the PUCO approve Columbia of Ohio's application in full. On April 22, 2015, the PUCO issued an Order that approved Columbia of Ohio's application. New rates went into effect on May 1, 2015.

On March 19, 2015, Columbia of Pennsylvania filed a base rate case with the Pennsylvania PUC, seeking a revenue increase of \$46.2 million annually. The case is driven by Columbia of Pennsylvania's capital investment program which exceeds \$197.0 million in 2015 and \$211.0 million in 2016 as well as costs to train and comply with pipeline safety-related operation and maintenance expenditures. Columbia of Pennsylvania's request for rate relief includes the recovery of costs that are projected to be incurred after the implementation of new rates, as authorized by the Pennsylvania General Assembly with the passage of Act 11 of 2012. On August 27, 2015, the parties to the case filed a joint petition for approval of a settlement that features an annual revenue increase of \$28.0 million . New rates are expected to go into effect during the fourth quarter of 2015.

On April 16, 2015, Columbia of Massachusetts filed a base rate case with the Massachusetts DPU. The case, which sought increased annual revenues of approximately \$49.0 million , was designed to support Columbia of Massachusetts' continued focus on providing safe and reliable service in compliance with increasing state and federal regulations and oversight, and recovery of associated increased operations and maintenance costs. Columbia of Massachusetts arrived at a settlement agreement with the Massachusetts Attorney General in the case which was filed for approval with the Massachusetts DPU on August 19, 2015 and approved on October 7, 2015. The settlement agreement provides for increased annual revenues of \$32.8 million beginning November 1, 2015, with an additional \$3.6 million annual increase in revenues starting November 1, 2016. The settlement also provides that Columbia of Massachusetts cannot increase base distribution rates to become effective prior to November 1, 2018.

On April 30, 2014, Columbia of Virginia filed a base rate case with the VSCC seeking an annual revenue increase of \$31.8 million . New rates went into effect in October 2014, subject to refund. On December 10, 2014, Columbia of Virginia presented at hearing a Stipulation and Proposed Recommendation ("Stipulation") executed by certain parties to the rate proceeding that included a base revenue increase of \$25.2 million including recovery of costs related to the implementation of pipeline safety programs. On March 30, 2015, the VSCC issued an Order Remanding for Further Action approving the revenue increase of \$25.2 million contained in the Stipulation, but remanding for further proceedings the single issue of the manner in which fixed costs were to be assigned to the fixed customer charges of each rate class. Following a hearing, the VSCC on August 21, 2015 issued a Final Order resolving the fixed customer charge and allowing Columbia of Virginia to implement new rates.

Cost Recovery and Trackers . A significant portion of the NiSource distribution companies' revenue is related to the recovery of gas costs, the review and recovery of which occur via standard regulatory proceedings. All states require periodic review of actual gas procurement activity to determine prudence and to permit the recovery of prudently incurred costs related to the supply of gas for customers. NiSource distribution companies have historically been found prudent in the procurement of gas supplies to serve customers.

Certain operating costs of the NiSource distribution companies are significant, recurring in nature, and generally outside the control of the distribution companies. Some states allow the recovery of such costs via cost tracking mechanisms. Such tracking mechanisms allow for abbreviated regulatory proceedings in order for the distribution companies to implement charges and recover appropriate costs. Tracking mechanisms allow for more timely recovery of such costs as compared with more traditional cost recovery mechanisms. Examples of such tracking mechanisms include GCR adjustment mechanisms, tax riders, and bad debt recovery mechanisms.

Comparability of Gas Distribution Operations line item operating results is impacted by regulatory trackers that allow for the recovery in rates of certain costs such as bad debt expense. Increases in the expenses that are the subject of trackers, result in a corresponding increase in net revenues and therefore have essentially no impact on total operating income results.

Certain of the NiSource distribution companies have completed rate proceedings involving infrastructure replacement or are embarking upon regulatory initiatives to replace significant portions of their operating systems that are nearing the end of their

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

useful lives. Each LDC's approach to cost recovery may be unique, given the different laws, regulations and precedent that exist in each jurisdiction.

NIPSCO has approval from the IURC to recover certain costs for gas transmission, distribution and storage system improvements. On February 27, 2015, NIPSCO filed gas TDSIC-2 which included \$43.3 million of net capital expenditures for the period ended December 31, 2014. Given the Indiana Court of Appeals decision in NIPSCO's electric TDSIC filing (for further information, see "Electric Operations Regulatory Matters" below), NIPSCO elected to dismiss its TDSIC-2 filing in favor of supplying further detailed plan updates in the next proceeding, TDSIC-3. On August 31, 2015, NIPSCO filed TDSIC-3 which included \$75.2 million of net capital expenditures for the period ended June 30, 2015. An order is expected in the first quarter of 2016.

Electric Operations Regulatory Matters

Significant Rate Developments . On July 19, 2013, NIPSCO filed its electric TDSIC with the IURC. The filing included the seven-year plan of eligible investments for a total of approximately \$1.1 billion with the majority of the spend occurring in years 2016 through 2020. On February 17, 2014, the IURC issued an order approving NIPSCO's seven-year plan of eligible investments. The order also granted NIPSCO ratemaking relief associated with the eligible investments through a rate adjustment mechanism. The NIPSCO Industrial Group and the OUCC filed Notices of Appeal with the Indiana Court of Appeals in response to the IURC's ruling. On November 25, 2014, NIPSCO's requested TDSIC factors were approved on an interim basis and subject to refund, pending the outcome of the appeals of the IURC's February 17, 2014 Orders. On April 8, 2015, the Court of Appeals issued an order concluding that the IURC erred in approving NIPSCO's seven-year plan given its lack of detail regarding the projects for years two through seven. The court then remanded the decision to the IURC. On May 26, 2015, NIPSCO filed a settlement on remand which, among other things, requires NIPSCO to file an electric base rate case proceeding by December 31, 2015 and a new seven-year electric TDSIC plan following the filing of its next general rate case proceeding. The settlement agreement was rejected by the IURC on September 23, 2015. The settling parties filed a Petition for Rehearing on September 29, 2015 and were granted a rehearing which was held on October 28, 2015.

On October 1, 2015, NIPSCO filed an electric base rate case with the IURC, seeking a revenue increase of approximately \$148.0 million . As part of this filing, NIPSCO is proposing to update base rates for previously incurred infrastructure improvements, revised depreciation rates, and the inclusion of previously approved environmental and federally mandated compliance costs. A prehearing conference was held on October 29, 2015 and a final order is anticipated in the second half of 2016.

Cost Recovery and Trackers . A significant portion of NIPSCO's revenue is related to the recovery of fuel costs to generate power and the fuel costs related to purchased power. These costs are recovered through a FAC, a standard, quarterly, "summary" regulatory proceeding in Indiana.

Certain operating costs of the Electric Operations are significant, recurring in nature, and generally outside the control of NIPSCO. The IURC allows for recovery of such costs via cost tracking mechanisms. Such tracking mechanisms allow for abbreviated regulatory proceedings in order for NIPSCO to implement charges and recover appropriate costs. Tracking mechanisms allow for more timely recovery of such costs as compared with more traditional cost recovery mechanisms. Examples of such mechanisms include electric energy efficiency programs, MISO non-fuel costs and revenues, resource capacity charges, and environmental related costs.

NIPSCO has approval from the IURC to recover certain environmental related costs through an ECT. Under the ECT, NIPSCO is permitted to recover (1) AFUDC and a return on the capital investment expended by NIPSCO to implement environmental compliance plan projects through an ECRM and (2) related operation and maintenance and depreciation expenses once the environmental facilities become operational through an EERM.

On October 21, 2015, the IURC issued an order on ECR-26 approving NIPSCO's request to begin earning a return on \$776.5 million of net capital expenditures for the period ended June 30, 2015. The order also approved a revised capital cost estimate of \$255.3 million for its Phase III multi-pollutant compliance plan projects related to the Michigan City Unit 12 FGD, a decrease from the previous IURC approved cost estimate of \$264.8 million .

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

7. Fair Value

A. Fair Value Measurements

Recurring Fair Value Measurements. The following tables present financial assets and liabilities measured and recorded at fair value on NiSource's Condensed Consolidated Balance Sheets (unaudited) on a recurring basis and their level within the fair value hierarchy as of September 30, 2015 and December 31, 2014 :

Recurring Fair Value Measurements September 30, 2015 (in millions)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of September 30, 2015
Assets				
Price risk management assets:				
Commodity financial price risk programs	\$ 0.1	\$ —	\$ —	\$ 0.1
Available-for-sale securities	34.0	101.4	—	135.4
Total	\$ 34.1	\$ 101.4	\$ —	\$ 135.5
Liabilities				
Price risk management liabilities:				
Commodity financial price risk programs	\$ 16.3	\$ —	\$ 0.6	\$ 16.9
Total	\$ 16.3	\$ —	\$ 0.6	\$ 16.9

Recurring Fair Value Measurements December 31, 2014 (in millions)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of December 31, 2014
Assets				
Price risk management assets:				
Commodity financial price risk programs	\$ 0.1	\$ —	\$ —	\$ 0.1
Available-for-sale securities	28.4	103.5	—	131.9
Total	\$ 28.5	\$ 103.5	\$ —	\$ 132.0
Liabilities				
Price risk management liabilities:				
Commodity financial price risk programs	\$ 14.2	\$ —	\$ 0.1	\$ 14.3
Total	\$ 14.2	\$ —	\$ 0.1	\$ 14.3

Price risk management assets and liabilities primarily include NYMEX futures and NYMEX options which are commodity exchange-traded and non-exchange-based derivative contracts. Exchange-traded derivative contracts are based on unadjusted quoted prices in active markets and are classified within Level 1. These financial assets and liabilities are secured with cash on deposit with the exchange; therefore nonperformance risk has not been incorporated into these valuations. Certain non-exchange-traded derivatives are valued using broker or over-the-counter, on-line exchanges. In such cases, these non-exchange-traded derivatives are classified within Level 2. Non-exchange-based derivative instruments include swaps, forwards, and options. In certain instances, these instruments may utilize models to measure fair value. NiSource uses a similar model to value similar instruments. Valuation models utilize various inputs that include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, other observable inputs for the asset or liability, and market-corroborated inputs, (i.e., inputs derived principally from or corroborated by observable market data by correlation or other means). Where observable inputs are available for substantially the full term of the asset or liability, the instrument is categorized in Level 2. Certain derivatives trade in less active markets with a lower availability of pricing information and models may be utilized in the valuation. When such inputs have a significant impact on the measurement of fair value, the instrument is categorized in Level 3. Credit risk is considered in the fair value calculation of derivative instruments that are not exchange-traded. Credit exposures are adjusted to reflect collateral agreements which reduce exposures. As of September 30, 2015

[Table of Contents](#)ITEM 1. FINANCIAL STATEMENTS (continued)**NiSource Inc.****Notes to Condensed Consolidated Financial Statements (unaudited) (continued)**

and December 31, 2014 , there were no material transfers between fair value hierarchies. Additionally, there were no changes in the method or significant assumptions used to estimate the fair value of NiSource’s financial instruments.

Commodity price risk resulting from derivative activities at NiSource’s rate-regulated subsidiaries is limited, since regulations allow recovery of prudently incurred purchased power, fuel and gas costs through the ratemaking process, including gains or losses on these derivative instruments. If states should explore additional regulatory reform, these subsidiaries may begin providing services without the benefit of the traditional ratemaking process and may be more exposed to commodity price risk. Some of NiSource’s rate-regulated utility subsidiaries offer commodity price risk products to its customers for which derivatives are used to hedge forecasted customer usage under such products. These subsidiaries do not have regulatory recovery orders for these products and are subject to gains and losses recognized in earnings due to hedge ineffectiveness.

Available-for-sale securities are investments pledged as collateral for trust accounts related to NiSource’s wholly-owned insurance company. Available-for-sale securities are included within “Other investments” in the Condensed Consolidated Balance Sheets (unaudited). Securities classified within Level 1 include U.S. Treasury debt securities which are highly liquid and are actively traded in over-the-counter markets. NiSource values corporate and mortgage-backed debt securities using a matrix pricing model that incorporates market-based information. These securities trade less frequently and are classified within Level 2. Total unrealized gains and losses from available-for-sale securities are included in other comprehensive income (loss). The amortized cost, gross unrealized gains and losses and fair value of available-for-sale debt securities at September 30, 2015 and December 31, 2014 were:

September 30, 2015 <i>(in millions)</i>	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale debt securities				
U.S. Treasury securities	\$ 33.8	\$ 0.3	\$ —	\$ 34.1
Corporate/Other bonds	101.0	0.7	(0.4)	101.3
Total Available-for-sale debt securities	\$ 134.8	\$ 1.0	\$ (0.4)	\$ 135.4
December 31, 2014 <i>(in millions)</i>	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale debt securities				
U.S. Treasury securities	\$ 30.8	\$ 0.3	\$ (0.2)	\$ 30.9
Corporate/Other bonds	100.6	1.0	(0.6)	101.0
Total Available-for-sale debt securities	\$ 131.4	\$ 1.3	\$ (0.8)	\$ 131.9

For the three months ended September 30, 2015 and 2014 , the net realized gain on the sale of available-for-sale U.S. Treasury debt securities was \$0.1 million and zero , respectively. For the three months ended September 30, 2015 and 2014 , the net realized gain on the sale of available-for-sale Corporate/Other bond debt securities was \$0.2 million and \$0.1 million , respectively.

For the nine months ended September 30, 2015 and 2014, the net realized gain on sale of available-for-sale U.S. Treasury debt securities was \$0.2 million and \$0.1 million , respectively. For the nine months ended September 30, 2015 and 2014, the net realized gain on the sale of available-for-sale Corporate/Other bond debt securities was \$0.3 million for each period.

The cost of maturities sold is based upon specific identification. At September 30, 2015 , approximately \$2.2 million of U.S. Treasury debt securities have maturities of less than a year while the remaining securities have maturities of greater than one year. At September 30, 2015 , approximately \$8.7 million of Corporate/Other bonds have maturities of less than a year while the remaining securities have maturities of greater than one year.

There are no material items in the fair value reconciliation of Level 3 assets and liabilities measured at fair value on a recurring basis for the three and nine months ended September 30, 2015 and 2014 .

Non-recurring Fair Value Measurements. There were no significant non-recurring fair value measurements recorded during the nine months ended September 30, 2015 .

[Table of Contents](#)ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

B. Other Fair Value Disclosures for Financial Instruments. The carrying amount of cash and cash equivalents, restricted cash, notes receivable, customer deposits and short-term borrowings is a reasonable estimate of fair value due to their liquid or short-term nature. NiSource's long-term borrowings are recorded at historical amounts.

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate fair value.

Long-term Debt. The fair values of these securities are estimated based on the quoted market prices for the same or similar securities. Certain premium costs associated with the early settlement of long-term debt are not taken into consideration in determining fair value. These fair value measurements are classified as Level 2 within the fair value hierarchy. For the nine months ended September 30, 2015 and 2014, there were no changes in the method or significant assumptions used to estimate the fair value of the financial instruments.

The carrying amount and estimated fair values of financial instruments were as follows:

<i>(in millions)</i>	Carrying Amount as of September 30, 2015	Estimated Fair Value as of September 30, 2015	Carrying Amount as of Dec. 31, 2014	Estimated Fair Value as of Dec. 31, 2014
Long-term debt (including current portion)	\$ 6,576.1	\$ 7,286.7	\$ 8,422.5	\$ 9,505.7

8. Transfers of Financial Assets

Transfers of accounts receivable are accounted for as secured borrowings resulting in the recognition of short-term borrowings on the Condensed Consolidated Balance Sheets (unaudited). The maximum amount of debt that can be recognized related to NiSource's accounts receivable programs is \$515 million.

All accounts receivables sold to the purchasers are valued at face value, which approximates fair value due to their short-term nature. The amount of the undivided percentage ownership interest in the accounts receivables sold is determined in part by required loss reserves under the agreements. Below is information about the accounts receivable securitization agreements entered into by NiSource's subsidiaries.

Columbia of Ohio is under an agreement to sell, without recourse, substantially all of its trade receivables, as they originate, to CGORC, a wholly-owned subsidiary of Columbia of Ohio. CGORC, in turn, is party to an agreement with BTMU and BNS, under the terms of which it sells an undivided percentage ownership interest in its accounts receivable to commercial paper conduits sponsored by BTMU and BNS. This agreement was last renewed on October 16, 2015; the current agreement expires on October 15, 2016 and can be further renewed if mutually agreed to by all parties. The maximum seasonal program limit under the terms of the current agreement is \$240 million. As of September 30, 2015, \$60.0 million of accounts receivable had been transferred by CGORC. CGORC is a separate corporate entity from NiSource and Columbia of Ohio, with its own separate obligations, and upon a liquidation of CGORC, CGORC's obligations must be satisfied out of CGORC's assets prior to any value becoming available to CGORC's stockholder.

NIPSCO is under an agreement to sell, without recourse, substantially all of its trade receivables, as they originate, to NARC, a wholly-owned subsidiary of NIPSCO. NARC, in turn, is party to an agreement with PNC and Mizuho under the terms of which it sells an undivided percentage ownership interest in its accounts receivable to PNC and a commercial paper conduit sponsored by Mizuho. This agreement was last renewed on August 26, 2015; the current agreement expires on August 24, 2016 and can be further renewed if mutually agreed to by all parties. The maximum seasonal program limit under the terms of the current agreement is \$200 million. As of September 30, 2015, \$37.2 million of accounts receivable had been transferred by NARC. NARC is a separate corporate entity from NiSource and NIPSCO, with its own separate obligations, and upon a liquidation of NARC, NARC's obligations must be satisfied out of NARC's assets prior to any value becoming available to NARC's stockholder.

Columbia of Pennsylvania is under an agreement to sell, without recourse, substantially all of its trade receivables, as they originate, to CPRC, a wholly-owned subsidiary of Columbia of Pennsylvania. CPRC, in turn, is party to an agreement with BTMU under the terms of which it sells an undivided percentage ownership interest in its accounts receivable to a commercial paper conduit sponsored by BTMU. The agreement with BTMU was last renewed on March 10, 2015, having a current scheduled termination date of March 9, 2016 and can be further renewed if mutually agreed to by both parties. The maximum seasonal program limit

[Table of Contents](#)ITEM 1. FINANCIAL STATEMENTS (continued)**NiSource Inc.****Notes to Condensed Consolidated Financial Statements (unaudited) (continued)**

under the terms of the agreement is \$75 million . As of September 30, 2015 , \$10.0 million of accounts receivable had been transferred by CPRC. CPRC is a separate corporate entity from NiSource and Columbia of Pennsylvania, with its own separate obligations, and upon a liquidation of CPRC, CPRC's obligations must be satisfied out of CPRC's assets prior to any value becoming available to CPRC's stockholder.

The following table reflects the gross and net receivables transferred as well as short-term borrowings related to the securitization transactions as of September 30, 2015 and December 31, 2014 for Columbia of Ohio, NIPSCO and Columbia of Pennsylvania:

<i>(in millions)</i>	September 30, 2015		December 31, 2014	
Gross Receivables	\$	347.9	\$	611.7
Less: Receivables not transferred		240.7		327.4
Net receivables transferred	\$	107.2	\$	284.3
Short-term debt due to asset securitization	\$	107.2	\$	284.3

Columbia of Ohio, NIPSCO and Columbia of Pennsylvania remain responsible for collecting on the receivables securitized and the receivables cannot be sold to another party.

9. Goodwill

The following presents NiSource's goodwill balance allocated by segment as of September 30, 2015:

<i>(in millions)</i>	Gas Distribution Operations		Electric Operations		Corporate and Other		Total	
Goodwill	\$	1,690.7	\$	—	\$	—	\$	1,690.7

Goodwill previously allocated to the Columbia Pipeline Group Operations segment was disposed of in conjunction with the Separation. For prior periods, such balances are presented within "Assets of discontinued operations" on the Condensed Consolidated Balance Sheets (unaudited). There were no other changes to the goodwill balance during 2015.

10. Income Taxes

The effective tax rates for the three months ended September 30, 2015 and 2014 were 28.2% and 3.9% , respectively. The effective tax rates for the nine months ended September 30, 2015 and 2014 were 35.8% and 38.7% , respectively. These effective tax rates differ from the Federal tax rate of 35% primarily due to the effects of tax credits, state income taxes, utility ratemaking, and other permanent book-to-tax differences.

NiSource's interim effective tax rates reflect the estimated annual effective tax rates for 2015 and 2014, adjusted for tax expense associated with certain discrete items. The increase in the three month effective tax rate of 24.3% in 2015 versus 2014 is primarily due to the cumulative effect of an estimated annual effective tax rate adjustment resulting from estimated state apportionment changes and other permanent items. The tax rate adjustment in 2015 resulted in a \$1.9 million reduction of income tax expense while the 2014 tax rate adjustment resulted in an increase of \$4.5 million of income tax expense.

The decrease in the year-to-date effective tax rate of 2.9% is primarily due to the impact of the Indiana tax rate change recorded in 2014.

There were no material changes recorded in the third quarter of 2015 to NiSource's uncertain tax positions as of December 31, 2014 .

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)**11. Pension and Other Postretirement Benefits**

NiSource provides defined contribution plans and noncontributory defined benefit retirement plans that cover its employees. Benefits under the defined benefit retirement plans reflect the employees' compensation, years of service and age at retirement. Additionally, NiSource provides health care and life insurance benefits for certain retired employees. The majority of employees may become eligible for these benefits if they reach retirement age while working for NiSource. The expected cost of such benefits is accrued during the employees' years of service. Current rates of rate-regulated companies include postretirement benefit costs, including amortization of the regulatory assets that arose prior to inclusion of these costs in rates. For most plans, cash contributions are remitted to grantor trusts.

For the nine months ended September 30, 2015, NiSource contributed \$2.0 million to its pension plans and \$18.3 million to its other postretirement benefit plans.

The following tables provide the components of the plans' net periodic benefits cost for the three and nine months ended September 30, 2015 and 2014 :

Three Months Ended September 30, <i>(in millions)</i>	Pension Benefits		Other Postretirement Benefits	
	2015	2014	2015	2014
Components of Net Periodic Benefit Cost				
Service cost	\$ 7.9	\$ 7.5	\$ 1.4	\$ 1.7
Interest cost	22.8	23.8	6.2	5.9
Expected return on assets	(37.3)	(39.3)	(5.6)	(5.1)
Amortization of prior service cost (credit)	0.1	0.3	(1.1)	(1.4)
Recognized actuarial loss	13.8	10.2	0.7	0.2
Total Net Periodic Benefit Cost	\$ 7.3	\$ 2.5	\$ 1.6	\$ 1.3

Nine Months Ended September 30, <i>(in millions)</i>	Pension Benefits		Other Postretirement Benefits	
	2015	2014	2015	2014
Components of Net Periodic Benefit Cost				
Service cost	\$ 24.3	\$ 22.5	\$ 4.5	\$ 5.7
Interest cost	67.0	71.4	17.8	19.5
Expected return on assets	(117.7)	(117.9)	(15.6)	(15.1)
Amortization of prior service cost (credit)	0.3	0.9	(3.9)	(2.9)
Recognized actuarial loss	41.6	30.6	2.8	0.2
Total Net Periodic Benefit Cost	\$ 15.5	\$ 7.5	\$ 5.6	\$ 7.4

[Table of Contents](#)ITEM 1. FINANCIAL STATEMENTS (continued)**NiSource Inc.****Notes to Condensed Consolidated Financial Statements (unaudited) (continued)**

As of July 1, 2015, certain NiSource pension and other postretirement benefit plans were remeasured to account for the Separation of CPG. The remeasurement resulted in an increase to the pension benefit obligation, net of plan assets, of \$22.2 million, and net increases to regulatory assets and accumulated other comprehensive loss of \$21.1 million and \$1.1 million, respectively. Net periodic pension benefit cost for the remainder of 2015 increased by \$6.4 million as a result of the remeasurement.

The other postretirement benefits obligation, net of plan assets, decreased by \$43.6 million as a result of the remeasurement. Additionally, the remeasurement resulted in a decrease to regulatory assets of \$34.8 million, an increase to regulatory liabilities of \$8.1 million and a decrease to accumulated other comprehensive loss of \$0.7 million. Net periodic other postretirement benefit cost for the remainder of 2015 decreased by \$0.8 million as a result of the remeasurement.

The following table provides the key assumptions that were used to calculate the pension and other postretirement benefits obligation and the net periodic benefit cost at the measurement dates of July 1, 2015 and December 31, 2014.

	Pension Benefits		Other Postretirement Benefits	
	July 1, 2015	December 31, 2014	July 1, 2015	December 31, 2014
Actuarial Assumptions				
Discount Rate	4.19%	3.81%	4.31%	3.94%
Expected return on assets	8.30%	8.30%	8.15%	8.14%
Health Care Trend Rates				
Trend for 2015	—	—	8.76%	6.90%
Ultimate Trend	—	—	4.50%	4.50%
Year Ultimate Trend Reached	—	—	2022	2021

12. Variable Interests and Variable Interest Entities

In general, a VIE is an entity (1) that has an insufficient amount of at-risk equity to permit the entity to finance its activities without additional financial subordinated support provided by any parties, (2) whose at-risk equity owners, as a group, do not have power, through voting rights or similar rights, to direct activities of the entity that most significantly impact the entity's economic performance or (3) whose at-risk owners do not absorb the entity's losses or receive the entity's residual return. A VIE is required to be consolidated by a company if that company is determined to be the primary beneficiary of the VIE.

NiSource consolidates those VIEs for which it is the primary beneficiary. NiSource considers quantitative and qualitative elements in determining the primary beneficiary. Qualitative measures include the ability to control an entity and the obligation to absorb losses or the right to receive benefits from such entity.

NiSource's analysis includes an assessment of guarantees, operating leases, purchase agreements, and other contracts, as well as its investments and joint ventures. For items that have been identified as variable interests, or where there is involvement with an identified VIE, an in-depth review of the relationship between the relevant entities and NiSource is made to evaluate qualitative and quantitative factors to determine the primary beneficiary, if any, and whether additional disclosures would be required under the current standard.

NIPSCO has a service agreement with Pure Air, a general partnership between Air Products and Chemicals, Inc. and First Air Partners LP, under which Pure Air provides scrubber services to reduce sulfur dioxide emissions for Units 7 and 8 at the Bailly Generating Station. NiSource has made an exhaustive effort to obtain information needed from Pure Air to determine the status of Pure Air as a VIE. However, NIPSCO has not been able to obtain this information and, as a result, it is unclear whether Pure Air is a VIE and if NIPSCO is the primary beneficiary. NIPSCO will continue to request the information required to determine whether Pure Air is a VIE. NIPSCO has no exposure to loss related to the service agreement with Pure Air. Payments under this agreement were \$16.5 million and \$17.0 million for the nine months ended September 30, 2015 and 2014, respectively.

[Table of Contents](#)ITEM 1. FINANCIAL STATEMENTS (continued)**NiSource Inc.****Notes to Condensed Consolidated Financial Statements (unaudited) (continued)****13. Long-Term Debt**

Prior to the Separation, CPG closed its placement of \$2,750.0 million in aggregate principal amount of its senior notes. Using the proceeds from this offering, CPG made cash payments to NiSource representing the settlement of inter-company borrowings and the payment of a one-time special dividend.

In May 2015, using proceeds from the cash payments from CPG, NiSource Finance settled its two bank term loans in the amount of \$1,075.0 million and executed a tender offer for \$750.0 million consisting of a combination of its 5.25% notes due 2017, 6.40% notes due 2018 and 4.45% notes due 2021. In conjunction with the debt retired, NiSource Finance recorded a \$97.2 million loss on early extinguishment of long-term debt, primarily attributable to early redemption premiums.

14. Short-Term Borrowings

During the third quarter of 2015, NiSource Finance maintained a \$1.5 billion revolving credit facility with a syndicate of banks led by Barclays Capital with a termination date of July 1, 2020. The purpose of the facility is to fund ongoing working capital requirements including the provision of liquidity support for NiSource Finance's \$1.5 billion commercial paper program, provide for issuance of letters of credit and also for general corporate purposes. At September 30, 2015, NiSource had no outstanding borrowings under this facility.

NiSource Finance's commercial paper program has a program limit of up to \$1.5 billion with a dealer group comprised of Barclays, Citigroup, Credit Suisse and Wells Fargo. At September 30, 2015, NiSource had no commercial paper outstanding.

As of September 30, 2015, NiSource had \$14.7 million of stand-by letters of credit outstanding all of which were under the revolving credit facility. At December 31, 2014, NiSource had \$30.9 million of stand-by letters of credit outstanding of which \$14.7 million were under the revolving credit facility.

Transfers of accounts receivable are accounted for as secured borrowings resulting in the recognition of short-term borrowings on the Condensed Consolidated Balance Sheets (unaudited) in the amount of \$107.2 million and \$284.3 million as of September 30, 2015 and December 31, 2014, respectively. Refer to Note 8, "Transfers of Financial Assets," for additional information.

<i>(in millions)</i>	September 30, 2015	December 31, 2014
Commercial Paper weighted average interest rate of 0.82% at December 31, 2014	\$ —	\$ 792.6
Credit facilities borrowings weighted average interest rate of 1.44% at December 31, 2014	—	500.0
Accounts receivable securitization facility borrowings	107.2	284.3
Total Short-Term Borrowings	\$ 107.2	\$ 1,576.9

Given their turnover is less than 90 days, cash flows related to the borrowings and repayments of the items listed above are presented net in the Condensed Statements of Consolidated Cash Flows (unaudited).

15. Share-Based Compensation

The NiSource stockholders originally approved and adopted the NiSource Inc. 2010 Omnibus Incentive Plan ("Omnibus Plan") at the Annual Meeting of Stockholders held on May 11, 2010. Stockholders re-approved the Omnibus Plan as amended at the Annual Meeting of Stockholders held on May 12, 2015. The Omnibus Plan provides for awards to employees and non-employee directors of incentive and nonqualified stock options, stock appreciation rights, restricted stock, restricted stock units, performance shares, performance units, cash-based awards and other stock-based awards and supersedes the long-term incentive plan approved by stockholders on April 13, 1994 ("1994 Plan") and the Director Stock Incentive Plan ("Director Plan"). The Omnibus Plan provides that the number of shares of common stock of NiSource available for awards is 8,000,000 plus the number of shares subject to outstanding awards that expire or terminate for any reason that were granted under either the 1994 Plan or the Director Plan, plus the number of shares that were awarded as a result of the Separation-related adjustments described below. At September 30, 2015, there were 5,705,683 shares reserved for future awards under the Omnibus Plan.

[Table of Contents](#)ITEM 1. FINANCIAL STATEMENTS (continued)**NiSource Inc.****Notes to Condensed Consolidated Financial Statements (unaudited) (continued)**

NiSource recognized stock-based employee compensation expense of \$4.2 million and \$14.2 million for the three months ended September 30, 2015 and 2014, respectively, as well as related tax benefits of \$1.5 million and \$5.5 million, respectively. For the nine months ended September 30, 2015 and 2014, stock-based employee compensation expense of \$15.1 million and \$24.1 million was recognized, respectively, as well as related tax benefits of \$5.4 million and \$9.3 million, respectively.

As of September 30, 2015, the total remaining unrecognized compensation cost related to non-vested awards amounted to \$15.8 million, which will be amortized over the weighted-average remaining requisite service period of 1.8 years.

Restricted Stock Units and Restricted Stock. During the nine months ended September 30, 2015, NiSource granted 660,230 restricted stock units and shares of restricted stock, subject to service conditions. The total grant date fair value of restricted stock units and shares of restricted stock was \$23.9 million, based on the average market price of NiSource's common stock at the date of each grant less the present value of any dividends not received during the vesting period, which will be expensed, net of forfeitures, over the vesting period which is generally three years. As of September 30, 2015, 967,191 non-vested (all of which are expected to vest) restricted stock units and shares of restricted stock were granted and outstanding.

401(k) Match, Profit Sharing and Company Contribution. NiSource has a voluntary 401(k) savings plan covering eligible employees that allows for periodic discretionary matches as a percentage of each participant's contributions payable in shares of common stock. NiSource also has a retirement savings plan that provides for discretionary profit sharing contributions payable in shares of common stock to eligible employees based on earnings results; and eligible exempt employees hired after January 1, 2010, receive a non-elective company contribution of 3% of eligible pay payable in shares of NiSource common stock. For the quarters ended September 30, 2015 and 2014, NiSource recognized 401(k) match, profit sharing and non-elective contribution expense of \$4.8 million and \$7.7 million, respectively. For the nine months ended September 30, 2015 and 2014, NiSource recognized 401(k) match, profit sharing and non-elective contribution expenses of \$19.0 million and \$20.3 million, respectively.

Separation-related Adjustments. Pursuant to the terms of the Employee Matters Agreement, effective July 1, 2015, between NiSource and CPG, the Compensation Committee of the Board of Directors of NiSource Inc. approved an adjustment to outstanding awards granted under the Omnibus Plan in order to preserve the intrinsic aggregate value of such awards immediately before the Separation. The Separation-related adjustments did not have a material impact on either compensation expense or the potentially dilutive securities to be considered in the calculation of diluted earnings per share of common stock.

16. Other Commitments and Contingencies

A. Guarantees and Indemnities. As a part of normal business, NiSource and certain subsidiaries enter into various agreements providing financial or performance assurance to third parties on behalf of certain subsidiaries. Such agreements include guarantees and stand-by letters of credit. These agreements are entered into primarily to support or enhance the creditworthiness otherwise attributed to a subsidiary on a stand-alone basis, thereby facilitating the extension of sufficient credit to accomplish the subsidiaries' intended commercial purposes. The total guarantees and indemnities in existence at September 30, 2015 and the years in which they expire were:

<i>(in millions)</i>	Total	2015	2016	2017	2018	2019	After
Guarantees of subsidiaries debt	\$ 6,135.5	\$ 230.0	\$ 291.5	\$ 267.4	\$ 476.0	\$ 500.0	\$ 4,370.6
Accounts receivable securitization	107.2	107.2	—	—	—	—	—
Letters of credit	14.7	—	14.7	—	—	—	—
Other guarantees	54.9	—	—	—	—	1.7	53.2
Total commercial commitments	\$ 6,312.3	\$ 337.2	\$ 306.2	\$ 267.4	\$ 476.0	\$ 501.7	\$ 4,423.8

Guarantees of Subsidiaries Debt. NiSource has guaranteed the payment of \$6,135.5 million of debt for various wholly-owned subsidiaries including NiSource Finance and Columbia of Massachusetts, and through a support agreement for Capital Markets, which is reflected on NiSource's Condensed Consolidated Balance Sheets (unaudited). The subsidiaries are required to comply with certain covenants under the debt indenture and in the event of default, NiSource would be obligated to pay the debt's principal and related interest. NiSource does not anticipate its subsidiaries will have any difficulty maintaining compliance. On October 3, 2011, NiSource executed a Second Supplemental Indenture to the original Columbia of Massachusetts Indenture dated April 1, 1991, for the specific purpose of guaranteeing Columbia of Massachusetts' outstanding unregistered medium-term notes.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

Lines and Letters of Credit and Accounts Receivable Advances. During the third quarter of 2015, NiSource Finance maintained a \$1.5 billion revolving credit facility with a syndicate of banks led by Barclays Capital with a termination date of July 1, 2020. The purpose of the facility is to fund ongoing working capital requirements including the provision of liquidity support for NiSource's \$1.5 billion commercial paper program, provide for issuance of letters of credit, and also for general corporate purposes.

At September 30, 2015, NiSource had no borrowings under its five-year revolving credit facility, no commercial paper outstanding and \$107.2 million outstanding under its accounts receivable securitization agreements. At September 30, 2015, NiSource had issued stand-by letters of credit of approximately \$14.7 million for the benefit of third parties. See Note 14, "Short-Term Borrowings," for additional information.

B. Legal Proceedings. The Company is party to certain claims and legal proceedings arising in the ordinary course of business, none of which is deemed to be individually material at this time. Due to the inherent uncertainty of litigation, there can be no assurance that the resolution of any particular claim or proceeding would not have a material adverse effect on the Company's results of operations, financial position or liquidity. It is possible that if one or more of such matters were decided against the Company, the effects could be material to the Company's results of operations in the period in which the Company would be required to record or adjust the related liability and could also be material to the Company's cash flows in the periods the Company would be required to pay such liability.

C. Environmental Matters. NiSource operations are subject to environmental statutes and regulations related to air quality, water quality, hazardous waste and solid waste. NiSource believes that it is in substantial compliance with those environmental regulations currently applicable to its operations.

It is management's continued intent to address environmental issues in cooperation with regulatory authorities in such a manner as to achieve mutually acceptable compliance plans. However, there can be no assurance that fines and penalties will not be incurred. Management expects a significant portion of environmental assessment and remediation costs to be recoverable through rates for certain NiSource companies.

As of September 30, 2015 and December 31, 2014, NiSource had recorded an accrual of approximately \$125.4 million and \$126.6 million, respectively, to cover environmental remediation at various sites. The current portion of this accrual is included in "Legal and environmental" in the Condensed Consolidated Balance Sheets (unaudited). The noncurrent portion is included in "Other noncurrent liabilities" in the Condensed Consolidated Balance Sheets (unaudited). NiSource accrues for costs associated with environmental remediation obligations when the incurrence of such costs is probable and the amounts can be reasonably estimated. The original estimates for cleanup may differ materially from the amount ultimately expended. The actual future expenditures depend on many factors, including currently enacted laws and regulations, the nature and extent of contamination, the method of cleanup and the availability of cost recovery from customers. These expenditures are not currently estimable at some sites. NiSource periodically adjusts its accrual as information is collected and estimates become more refined.

Air

The actions listed below could require further reductions in emissions from various emission sources. NiSource will continue to closely monitor developments in these matters.

Climate Change. Future legislative and regulatory programs could significantly restrict emissions of GHGs or could impose a cost or tax on GHG emissions.

National Ambient Air Quality Standards. The CAA requires the EPA to set NAAQS for particulate matter and five other pollutants considered harmful to public health and the environment. Periodically, the EPA imposes new or modifies existing NAAQS. States that contain areas that do not meet the new or revised standards must take steps to maintain or achieve compliance with the standards. These steps could include additional pollution controls on boilers, engines, turbines and other facilities owned by electric generation and gas distribution operations.

The following NAAQS were recently added or modified:

Ozone: On October 1, 2015, the EPA issued a pre-publication final rule to lower the 8-hour ozone standard from 75 ppb to 70 ppb. After the EPA proceeds with designations, areas where NiSource operates that are currently designated as attainment may be re-classified as non-attainment. NiSource will continue to monitor this matter and cannot estimate its impact at this time.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

Waste

NiSource subsidiaries are potentially responsible parties at waste disposal sites under the CERCLA (commonly known as Superfund) and similar state laws. Additionally, NiSource affiliates have retained environmental liabilities, including cleanup liabilities, associated with certain former operations.

A program has been instituted to identify and investigate former MGP sites where Gas Distribution Operations subsidiaries or predecessors may have liability. The program has identified 64 such sites where liability is probable. Remedial actions at many of these sites are being overseen by state or federal environmental agencies through consent agreements or voluntary remediation agreements.

NiSource utilizes a probabilistic model to estimate its future remediation costs related to its MGP sites. The model was prepared with the assistance of a third-party and incorporates NiSource and general industry experience with remediating MGP sites. NiSource completes an annual refresh of the model in the second quarter of each fiscal year. No material changes to the estimated future remediation costs were noted as a result of the refresh completed as of June 30, 2015. The total estimated liability at NiSource related to the facilities subject to remediation was \$112.6 million and \$121.5 million at September 30, 2015 and December 31, 2014, respectively. The liability represents NiSource's best estimate of the probable cost to remediate the facilities. NiSource believes that it is reasonably possible that remediation costs could vary by as much as \$25 million in addition to the costs noted above. Remediation costs are estimated based on the best available information, applicable remediation standards at the balance sheet date, and experience with similar facilities.

Additional Issues Related to Individual Business Segments

The sections below describe various regulatory actions that affect individual business segments for which NiSource has retained a liability.

Electric Operations.

Air

NIPSCO is subject to a number of air-quality mandates in the next several years. The mandates, which include the NSR Consent Decree, the Utility Mercury and Air Toxics Standards Rule (MATS), and the Clean Power Plan (CPP), require or may require NIPSCO to make capital improvements to its electric generating stations. The cost of capital improvements associated with the NSR Consent Decree and MATS is estimated to be \$860 million, of which approximately \$41.8 million remains to be spent. The cost to comply with the CPP cannot be estimated at this time. NIPSCO believes that the capital costs are probable of recovery from customers.

Utility Mercury and Air Toxics Standards Rule: On December 16, 2011, the EPA finalized the MATS rule establishing new emissions limits for mercury and other air toxics. NIPSCO's affected units have completed projects to meet the April 2015 compliance deadline. For NIPSCO's remaining affected units, a one-year compliance extension granted by IDEM delays the compliance date until April 2016. NIPSCO continues to implement an IURC-approved plan for the installation of additional environmental controls needed to comply with the MATS extension. On June 29, 2015, the United States Supreme Court remanded the MATS rule back to the United States Court of Appeals for the District of Columbia Circuit for further proceedings. The MATS rule remains in effect until the Court of Appeals issues a ruling. The timing for resolving the process is unclear at this time. NIPSCO will continue to monitor developments in this matter.

Clean Power Plan : On October 23, 2015, the EPA issued a final rule to regulate CO2 emissions from existing fossil-fuel EGUs under section 111(d) of the CAA. The final rule establishes national CO2 emission rate standards that are applied to each state's mix of affected EGUs to establish a state-specific emission rate and mass emission limits. The final rule requires each state to submit a plan indicating how the state will meet the EPA's emission rate or mass emission limit, including possibly imposing reduction obligations on specific units. Initial state plans are required to be submitted to the EPA by September 6, 2016. As part of the initial submittal of state plans, states have the option to request extensions for the submittal of final state plans. If granted an extension by the EPA, a state's final plan must be submitted by September 6, 2018. If a state does not submit a satisfactory plan, the EPA will impose a FIP on that state. A proposed FIP was issued on August 3, 2015, concurrent with the pre-publication final rule. The cost to comply with this rule will depend on a number of factors, including the requirements of the state plan or final FIP and the level of NIPSCO's required CO2 emission reductions. It is possible that this new rule, comprehensive federal or state GHG legislation, or other GHG regulation could result in additional expense or compliance costs that could materially impact NiSource's financial results. NIPSCO will continue to monitor this matter and cannot estimate its impact at this time.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

Water

On August 15, 2014, the EPA published the final Phase II Rule of the Clean Water Act Section 316(b), which requires all large existing steam electric generating stations to meet certain performance standards to reduce the effects on aquatic organisms at their cooling water intake structures. Under this rule, stations will have to either demonstrate that the performance of their existing fish protection systems meet the new standards or develop new systems, such as a closed-cycle cooling tower. The cost to comply will depend on a number of factors, including evaluation of the various compliance options available under the regulation and permitting-related determinations by IDEM. NIPSCO estimates that the cost of compliance is between \$4 million and \$35 million, dependent upon study results, agency requirements and technology ultimately required to achieve compliance.

On September 30, 2015, the EPA issued a pre-publication final rule to amend the effluent limitations guidelines and standards for the Steam Electric Power Generating category. Once in effect, this rule will impose new water treatment requirements on NIPSCO's electric generating facilities. A final rule is expected in the fourth quarter of 2015. NIPSCO is currently reviewing the rule and cannot estimate the cost of compliance at this time.

Waste

On April 17, 2015, the EPA released a final rule for regulation of CCRs. The rule regulates CCRs under the Resource Conservation and Recovery Act Subtitle D, which determines them to be non-hazardous. The rule will require increased groundwater monitoring, reporting, recordkeeping and posting related information to the Internet. The rule also establishes requirements related to CCR management, impoundments, landfills and storage. The rule will allow NIPSCO to continue its byproduct beneficial use program.

The publication of the CCR rule resulted in revisions to previously recorded legal obligations associated with the retirement of certain NIPSCO facilities. The actual asset retirement costs related to the CCR rule may vary substantially from the estimates used to record the increased asset retirement obligation due to the uncertainty about the compliance strategies that will be used and the preliminary nature of available data used to estimate costs. Refer to Note 5, "Asset Retirement Obligations," for further information. In addition, in order to comply with the rule NIPSCO will be required to incur future capital expenditures to modify its infrastructure and manage CCRs. As allowed by the EPA, NIPSCO will continue to collect data over time to determine the nature, extent and cost of these future capital expenditures. Given the preliminary stage of this data collection, NIPSCO is unable to estimate a range for these future capital expenditures at this time.

D. Other Matters.

Transmission Upgrade Agreements. On February 11, 2014, NIPSCO entered into two TUAs with upgrade sponsors to complete upgrades on NIPSCO's transmission system on behalf of those sponsors. The upgrade sponsors agreed to reimburse NIPSCO for the total cost to construct transmission upgrades and place them into service, multiplied by a rate of 1.71 ("the multiplier").

On June 10, 2014, certain upgrade sponsors for both TUAs filed a complaint at the FERC against NIPSCO regarding the multiplier stated in the TUAs. On June 30, 2014, NIPSCO filed an answer defending the terms of the TUAs and the just and reasonable nature of the multiplier charged therein and moved for dismissal of the complaint. On December 8, 2014, the FERC issued an order in response to the complaint finding that it is appropriate for NIPSCO to recover, through the multiplier, substantiated costs of ownership related to the TUAs. The FERC set for hearing the issue of what constitutes the incremental costs NIPSCO will incur, but is holding that hearing in abeyance to allow for settlement. NIPSCO will continue to monitor developments in this matter and does not believe the impact is material to the Condensed Consolidated Financial Statements (unaudited).

Springfield, Massachusetts. On November 23, 2012, while Columbia of Massachusetts was investigating the source of an odor of gas at a service location in Springfield, Massachusetts, a gas service line was pierced and an explosion occurred. While this explosion impacted multiple buildings and resulted in several injuries, no life threatening injuries or fatalities have been reported. Columbia of Massachusetts fully cooperated with both the Massachusetts DPU and the Occupational Safety & Health Administration in their investigations of this incident, which have been concluded. Columbia of Massachusetts believes any costs associated with damages, injuries and other losses related to this incident are substantially covered by insurance. Any amounts not covered by insurance are not expected to have a material impact on NiSource's consolidated financial statements. In accordance with GAAP, NiSource recorded any accruals and the related insurance recoveries resulting from this incident on a gross basis within the Condensed Consolidated Balance Sheets (unaudited).

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

17. Accumulated Other Comprehensive Loss

The following tables display the components of Accumulated Other Comprehensive Loss for the three and nine months ended September 30, 2015 and 2014 :

Three Months Ended September 30, 2015 (in millions)	Gains and Losses on Securities ⁽¹⁾	Gains and Losses on Cash Flow Hedges ⁽¹⁾	Pension and OPEB Items ⁽¹⁾	Accumulated Other Comprehensive Loss ⁽¹⁾
Balance as of July 1, 2015	\$ —	\$ (20.0)	\$ (24.4)	\$ (44.4)
Other comprehensive income before reclassifications	0.5	(0.2)	(1.3)	(1.0)
Amounts reclassified from accumulated other comprehensive income	(0.2)	0.4	1.1	1.3
Net current-period other comprehensive income (loss)	0.3	0.2	(0.2)	0.3
Distribution of CPG to shareholders (Note 4)	—	13.9	10.6	24.5
Balance as of September 30, 2015	\$ 0.3	\$ (5.9)	\$ (14.0)	\$ (19.6)

Nine Months Ended September 30, 2015 (in millions)	Gains and Losses on Securities ⁽¹⁾	Gains and Losses on Cash Flow Hedges ⁽¹⁾	Pension and OPEB Items ⁽¹⁾	Accumulated Other Comprehensive Loss ⁽¹⁾
Balance as of January 1, 2015	\$ 0.3	\$ (23.6)	\$ (27.3)	\$ (50.6)
Other comprehensive income before reclassifications	0.3	(0.2)	1.2	1.3
Amounts reclassified from accumulated other comprehensive income	(0.3)	2.0	1.5	3.2
Net current-period other comprehensive income	—	1.8	2.7	4.5
Allocation of AOCI to noncontrolling interest	—	2.0	—	2.0
Distribution of CPG to shareholders (Note 4)	—	13.9	10.6	24.5
Balance as of September 30, 2015	\$ 0.3	\$ (5.9)	\$ (14.0)	\$ (19.6)

Three Months Ended September 30, 2014 (in millions)	Gains and Losses on Securities ⁽¹⁾	Gains and Losses on Cash Flow Hedges ⁽¹⁾	Pension and OPEB Items ⁽¹⁾	Accumulated Other Comprehensive Loss ⁽¹⁾
Balance as of July 1, 2014	\$ 0.5	\$ (24.5)	\$ (17.4)	\$ (41.4)
Other comprehensive income before reclassifications	(0.5)	—	(0.1)	(0.6)
Amounts reclassified from accumulated other comprehensive income	(0.1)	0.6	(0.1)	0.4
Net current-period other comprehensive (loss) income	(0.6)	0.6	(0.2)	(0.2)
Balance as of September 30, 2014	\$ (0.1)	\$ (23.9)	\$ (17.6)	\$ (41.6)

Nine Months Ended September 30, 2014 (in millions)	Gains and Losses on Securities ⁽¹⁾	Gains and Losses on Cash Flow Hedges ⁽¹⁾	Pension and OPEB Items ⁽¹⁾	Accumulated Other Comprehensive Loss ⁽¹⁾
Balance as of January 1, 2014	\$ (0.3)	\$ (25.8)	\$ (17.5)	\$ (43.6)
Other comprehensive income before reclassifications	0.5	0.1	(0.4)	0.2
Amounts reclassified from accumulated other comprehensive income	(0.3)	1.8	0.3	1.8
Net current-period other comprehensive income (loss)	0.2	1.9	(0.1)	2.0
Balance as of September 30, 2014	\$ (0.1)	\$ (23.9)	\$ (17.6)	\$ (41.6)

⁽¹⁾ All amounts are net of tax. Amounts in parentheses indicate debits.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

18. Business Segment Information

On July 1, 2015, NiSource completed the Separation. CPG's operations consisted of all of NiSource's Columbia Pipeline Group Operations segment prior to the Separation. Results of the Columbia Pipeline Group Operations segment are included in discontinued operations.

At September 30, 2015, NiSource's operations are divided into two primary business segments. The Gas Distribution Operations segment provides natural gas service and transportation for residential, commercial and industrial customers in Ohio, Pennsylvania, Virginia, Kentucky, Maryland, Indiana and Massachusetts. The Electric Operations segment provides electric service in 20 counties in the northern part of Indiana.

The following table provides information about business segments. NiSource uses operating income as its primary measurement for each of the reported segments and makes decisions on finance, dividends and taxes at the corporate level on a consolidated basis. Segment revenues include intersegment sales to affiliated subsidiaries, which are eliminated in consolidation. Affiliated sales are recognized on the basis of prevailing market, regulated prices or at levels provided for under contractual agreements. Operating income is derived from revenues and expenses directly associated with each segment.

<i>(in millions)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Revenues				
Gas Distribution Operations				
Unaffiliated	\$ 384.6	\$ 411.9	\$ 2,349.3	\$ 2,593.9
Intersegment	0.1	—	0.4	0.2
Total	384.7	411.9	2,349.7	2,594.1
Electric Operations				
Unaffiliated	428.4	424.4	1,199.5	1,279.9
Intersegment	0.2	0.3	0.6	0.6
Total	428.6	424.7	1,200.1	1,280.5
Corporate and Other				
Unaffiliated	4.2	1.9	5.2	5.3
Intersegment	94.1	105.9	288.1	303.6
Total	98.3	107.8	293.3	308.9
Eliminations	(94.4)	(106.2)	(289.1)	(304.4)
Consolidated Gross Revenues	\$ 817.2	\$ 838.2	\$ 3,554.0	\$ 3,879.1
Operating Income (Loss)				
Gas Distribution Operations	\$ 20.0	\$ 0.8	\$ 394.9	\$ 362.4
Electric Operations	98.5	76.9	214.2	218.7
Corporate and Other	(8.8)	(6.6)	(28.7)	(18.9)
Consolidated Operating Income	\$ 109.7	\$ 71.1	\$ 580.4	\$ 562.2

[Table of Contents](#)ITEM 1. FINANCIAL STATEMENTS (continued)**NiSource Inc.****Notes to Condensed Consolidated Financial Statements (unaudited) (continued)****19. Supplemental Cash Flow Information**

The following table provides additional information regarding NiSource's Condensed Statements of Consolidated Cash Flows (unaudited) for the nine months ended September 30, 2015 and 2014 :

<i>(in millions)</i>	Nine Months Ended September 30,	
	2015	2014
Supplemental Disclosures of Cash Flow Information		
Non-cash transactions:		
Capital expenditures included in current liabilities	\$ 130.7	\$ 117.6
Assets acquired under a capital lease	5.5	69.9
Schedule of interest and income taxes paid:		
Cash paid for interest, net of interest capitalized	\$ 354.1	\$ 375.0
Cash paid for income taxes	20.2	12.2

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

NiSource Inc.

Note regarding forward-looking statements

The following Management's Discussion and Analysis of Financial Condition and Results of Operations, including statements regarding market risk sensitive instruments, contains "forward-looking statements," within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Investors and prospective investors should understand that many factors govern whether any forward-looking statement contained herein will be or can be realized. Any one of those factors could cause actual results to differ materially from those projected. These forward-looking statements include, but are not limited to, statements concerning NiSource's plans, objectives, expected performance, expenditures, recovery of expenditures through rates, stated on either a consolidated or segment basis, the Separation and any and all underlying assumptions and other statements that are other than statements of historical fact. From time to time, NiSource may publish or otherwise make available forward-looking statements of this nature. All such subsequent forward-looking statements, whether written or oral and whether made by or on behalf of NiSource, are also expressly qualified by these cautionary statements. All forward-looking statements are based on assumptions that management believes to be reasonable; however, there can be no assurance that actual results will not differ materially.

Factors that could cause actual results to differ materially from the projections, forecasts, estimates and expectations discussed in this Quarterly Report on Form 10-Q include, but are not limited to, NiSource's debt obligations and ability to comply with related covenants, changes in NiSource's credit rating; growth opportunities for NiSource's businesses; changes in general economic and market conditions; capital market performance and the impact on our benefit plan assets; regulatory rate reviews and proceedings; increased competition in deregulated energy markets; compliance with environmental laws; fluctuations in weather; climate change, natural disasters, acts of terrorism and other catastrophic events; economic conditions in certain industries; fluctuations in the price of energy commodities; counterparty credit risk; any impairment of goodwill and definite-lived intangible assets; changes in taxation or accounting principles; accidents and other operating risks; aging infrastructure, disruptions in information technology and cyber-attacks; construction risks and natural gas and supply risks; NiSource's ability to meet its debt obligations and pay dividends; NiSource's ability to achieve the intended benefits of the Separation; and other matters set forth in the "Risk Factors" section of this Form 10-Q, many of which are beyond the control of NiSource. In addition, the relative contributions to profitability by each segment, and the assumptions underlying the forward-looking statements relating thereto, may change over time. NiSource expressly disclaims any duty to update, supplement or amend any of its forward-looking statements, whether as a result of new information, subsequent events or otherwise.

The following Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with NiSource's Annual Report on Form 10-K for the fiscal year ended December 31, 2014 .

CONSOLIDATED REVIEW

Executive Summary

NiSource is an energy holding company under the Public Utility Holding Company Act of 2005 whose subsidiaries are fully regulated natural gas and electric utility companies serving customers in seven states. NiSource generates substantially all of its operating income through these rate-regulated businesses. A significant portion of NiSource's operations is subject to seasonal fluctuations in sales. During the heating season, which is primarily from November through March, net revenues from gas sales are more significant, and during the cooling season, which is primarily from June through September, net revenues from electric sales are more significant, than in other months.

For the nine months ended September 30, 2015 , income from continuing operations was \$134.2 million , or \$0.42 per basic share, compared to \$176.7 million , or \$0.56 per basic share reported for the same period in 2014.

The decrease in income from continuing operations was due primarily to the following:

- A loss on early extinguishment of long-term debt of \$97.2 million. Refer to Note 13, "Long-Term Debt," for further information on long-term debt retired in May 2015.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

NiSource Inc.

This decrease in income from continuing operations was partially offset by the following:

- Regulatory and service programs at Gas Distribution Operations increased net revenues by \$60.4 million primarily due to the impacts of the rate cases at Columbia of Pennsylvania and Columbia of Virginia, as well as the implementation of rates under Columbia of Ohio's approved infrastructure replacement program. Refer to Note 7, "Regulatory Matters," in the Notes to Consolidated Financial Statements included in NiSource's Annual Report on Form 10-K for the fiscal year ended December 31, 2014 and Note 6, "Regulatory Matters," of this report for more information.

These factors and other impacts to the financial results are discussed in more detail within the following discussions of "Results of Operations" and "Results and Discussion of Segment Operations."

Platform for Growth

NiSource's business plan continues to center on regulatory and customer initiatives and financial management of the balance sheet.

Regulatory Initiatives

NiSource's utilities continue to move forward on core infrastructure and environmental investment programs supported by complementary regulatory and customer initiatives across all seven states. NiSource utilities remain on track to invest approximately \$1.3 billion during 2015 as part of its \$30.0 billion long-term regulated utility infrastructure investment opportunities across its natural gas and electric utilities. NiSource's goal is to develop strategies that benefit all stakeholders as it addresses changing customer conservation patterns, develops more contemporary pricing structures, and embarks on long-term investment programs. These strategies will help improve reliability and safety, enhance customer services and reduce emissions while generating sustainable returns.

Gas Distribution Operations

- On October 7, 2015, Columbia of Massachusetts received approval of its base rate case settlement by the Massachusetts DPU. The settlement with the Massachusetts Attorney General supports Columbia of Massachusetts' continued effort to modernize its pipeline infrastructure and transform its operations to continue to serve customers safely and reliably. The approved settlement provides for increased annual revenues of \$32.8 million beginning November 1, 2015, with an additional \$3.6 million annual increase starting November 1, 2016.
- Columbia of Pennsylvania has reached a settlement with parties to its base rate case pending before the Pennsylvania PUC. Under terms of the settlement, Columbia of Pennsylvania's annual revenues would increase by approximately \$28.0 million, an outcome which supports continued infrastructure replacement, pipeline safety upgrades and enhanced employee training. The settlement also includes a tariff supporting the expansion of natural gas service into unserved areas. A decision on the settlement from the Pennsylvania PUC, with new rates in effect, is expected during the fourth quarter of 2015.
- On August 21, 2015, Columbia of Virginia received final VSCC approval of its 2014 base rate case. The VSCC reaffirmed the \$25.2 million annual revenue increase. The case supports continued capital investments by Columbia of Virginia to improve its system and accommodate customer growth, as well as initiatives to enhance safety and reliability.

Electric Operations

- NIPSCO's first electric rate case in five years was filed with the IURC on October 1, 2015. The case seeks to update rates to reflect the current costs of generating and distributing power, plus ongoing investments which are delivering substantial benefits to customers, including programs that have reduced the duration of power outages by 40 percent. The request also seeks to create a bill payment assistance program for low-income electric customers during the summer cooling season. If approved as filed, the case would increase revenues by approximately \$148.0 million per year, which includes the continued recovery of environmental trackers. A decision by the IURC is expected in the second half of 2016.
- NIPSCO's Michigan City Unit 12 FGD is set to be placed in service by the end of 2015. The approximately \$255 million project, supported with cost recovery, improves air quality and helps ensure NIPSCO's generation fleet remains in compliance with current environmental regulations. The project also helps ensure that NIPSCO can continue offering low-cost, reliable and efficient generating capacity for its customers.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

NiSource Inc.

- Progress also continued on two major electric transmission projects designed to enhance region-wide system flexibility and reliability. Right-of-way acquisition and permitting are under way for both projects and substation construction has begun. These projects involve an investment of approximately \$500 million for NIPSCO and are anticipated to be in service by the end of 2018.

Refer to Note 6, "Regulatory Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for a complete discussion of regulatory matters.

Financial Management of the Balance Sheet

Prior to the Separation, CPG closed its placement of \$2,750.0 million in aggregate principal amount of its senior notes. Using the proceeds from this offering, CPG made cash payments to NiSource representing the settlement of inter-company borrowings and the payment of a one-time special dividend.

In May 2015, using proceeds from the cash payments from CPG, NiSource Finance settled its two bank term loans in the amount of \$1,075.0 million and executed a tender offer for \$750.0 million consisting of a combination of its 5.25% notes due 2017, 6.40% notes due 2018 and 4.45% notes due 2021. In conjunction with the debt retired, NiSource Finance recorded a \$97.2 million loss on early extinguishment of long-term debt, primarily attributable to early redemption premiums.

On June 17, 2015, with consideration of the Separation, Moody's affirmed the NiSource senior unsecured rating of Baa2 and commercial paper rating of P-2, with a stable outlook. Additionally, Moody's affirmed NIPSCO's Baa1 rating and affirmed the Baa2 rating for Columbia of Massachusetts. On June 18, 2015, with consideration of the Separation, Standard & Poor's raised the senior unsecured ratings for NiSource and its subsidiaries to BBB+ and the commercial paper rating to A-2. Standard & Poor's outlook for NiSource and all of its subsidiaries is Stable. On October 27, 2015, Fitch affirmed the senior unsecured ratings for NiSource at BBB-, and the existing ratings of its other rated subsidiaries. Fitch's outlook for NiSource and its subsidiaries is Positive. Although all ratings continue to be investment grade, a downgrade by Fitch would result in a rating that is below investment grade. NiSource is committed to maintaining its investment grade credit ratings.

Ethics and Controls

NiSource is committed to providing accurate and complete financial reporting as well as high standards for ethical behavior by its employees. NiSource's senior management takes an active role in the development of this Form 10-Q and the monitoring of the company's internal control structure and performance. In addition, NiSource will continue its mandatory ethics training program for all employees.

For additional information refer to Item 4, "Controls and Procedures."

Results of Operations

Quarter Ended September 30, 2015

Income from Continuing Operations

Income from continuing operations was \$14.8 million, or \$0.05 per basic share, for the three months ended September 30, 2015, compared to a loss from continuing operations of \$17.2 million, or \$0.05 per basic share, for the third quarter of 2014. Operating income was \$109.7 million, an increase of \$38.6 million from the same period in 2014. All per share amounts are basic earnings per share. Basic average shares of common stock outstanding at September 30, 2015 were 318.1 million compared to 315.4 million at September 30, 2014.

Comparability of line item operating results between quarterly periods is impacted by regulatory and tax trackers that allow for the recovery in rates of certain costs such as bad debt expense. Therefore, increases in these tracked operating expenses are offset by increases in net revenues and have essentially no impact on income from continuing operations.

Net Revenues

Total consolidated net revenues (gross revenues less cost of sales) for the quarter ended September 30, 2015, were \$608.1 million, a \$32.3 million increase from the same period last year. This increase in net revenues was primarily due to increased Electric Operations' net revenues of \$16.2 million and increased Gas Distribution Operations' net revenues of \$13.5 million.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

NiSource Inc.

- Electric Operations' net revenues increased due primarily to the effects of weather of \$10.2 million, increased trackers, which are offset in expense, of \$6.8 million and a higher return on the environmental capital investment recovery program of \$4.1 million due to an increased plant balance eligible for recovery. These increases were partially offset by lower industrial usage of \$5.1 million.
- Gas Distribution Operations' net revenues increased due primarily to an increase in regulatory and service programs of \$11.6 million, including the implementation of rates under Columbia of Ohio's approved infrastructure replacement program, as well as the impact of new rates at Columbia of Virginia and Columbia of Pennsylvania.

Operating Expenses

Operating expenses for the third quarter of 2015 were \$498.4 million, a decrease of \$6.3 million from the 2014 period. This decrease was primarily due to lower operation and maintenance expenses of \$16.3 million, partially offset by increased depreciation and amortization of \$8.7 million. The decrease in operation and maintenance expenses was primarily due to decreased employee and administrative expenses of \$12.0 million. The increase in depreciation and amortization is primarily due to higher capital expenditures placed in service since the prior year period.

Other Income (Deductions)

Other Income (Deductions) reduced income by \$89.1 million in the third quarter of 2015 compared to a reduction in income of \$89.0 million in the prior year.

Income Taxes

Income tax expense for the quarter ended September 30, 2015 was \$5.8 million compared to a \$0.7 million income tax benefit in the prior year. NiSource's interim effective tax rates reflect the estimated annual effective tax rates for 2015 and 2014, adjusted for tax expense associated with certain discrete items. The effective tax rates for the quarters ended September 30, 2015 and 2014 were 28.2% and 3.9%, respectively. These effective tax rates differ from the Federal tax rate of 35% primarily due to the effects of tax credits, state income taxes, utility ratemaking, and other permanent book-to-tax differences. The increase in the three month effective tax rate of 24.3% in 2015 versus 2014 is primarily due to the cumulative effect of an estimated annual effective tax rate adjustment resulting from estimated state apportionment changes and other permanent items. The tax rate adjustment in 2015 resulted in a \$1.9 million reduction of income tax expense while the 2014 tax rate adjustment resulted in an increase of \$4.5 million of income tax expense.

Refer to Note 10, "Income Taxes," in the Notes to Condensed Consolidated Financial Statements (unaudited) for further discussion of income taxes.

Results of Operations

Nine Months Ended September 30, 2015

Income from Continuing Operations

Income from continuing operations was \$134.2 million, or \$0.42 per basic share, for the nine months ended September 30, 2015, compared to income from continuing operations of \$176.7 million, or \$0.56 per basic share, for the nine months ended 2014. Operating income was \$580.4 million, an increase of \$18.2 million from the same period in 2014. All per share amounts are basic earnings per share. Basic average shares of common stock outstanding at September 30, 2015 were 317.4 million compared to 314.9 million at September 30, 2014.

Comparability of line item operating results between quarterly periods is impacted by regulatory and tax trackers that allow for the recovery in rates of certain costs such as bad debt expense. Therefore, increases in these tracked operating expenses are offset by increases in net revenues and have essentially no impact on income from continuing operations.

Net Revenues

Total consolidated net revenues (gross revenues less cost of sales) for the nine months ended September 30, 2015, were \$2,246.7 million, a \$137.2 million increase from the same period last year. This increase in net revenues was primarily due to increased Gas Distribution Operations' net revenues of \$120.5 million and increased Electric Operations' net revenues of \$16.3 million.

- Gas Distribution Operations' net revenues increased due primarily to an increase in regulatory and service programs of \$60.4 million, including the impact of new rates at Columbia of Pennsylvania and Columbia of Virginia and the implementation of rates under Columbia of Ohio's approved infrastructure replacement program. Additionally, there was increased net revenue from higher regulatory and tax trackers, which are offset in expense, of \$47.8 million.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

NiSource Inc.

- Electric Operations' net revenues increased due primarily to increased trackers, which are offset in expense, of \$14.7 million and a higher return on the environmental capital investment recovery program of \$7.8 million due to an increased plant balance eligible for recovery. Additionally, there was increased net revenue of \$7.2 million as a result of two electric transmission projects authorized by the MISO and the effects of weather of \$4.4 million. These increases were partially offset by lower industrial usage of \$12.3 million due to reduced steel production and decreased net revenues of \$8.9 million as a result of lower off-system sales opportunities in 2015.

Operating Expenses

Operating expenses for the nine months ended 2015 were \$1,666.3 million, an increase of \$119.0 million from the same 2014 period. This increase was primarily due to higher operation and maintenance expenses of \$86.4 million and increased depreciation and amortization of \$27.9 million. The increase in operation and maintenance expenses was primarily due to increased regulatory trackers, which are offset in net revenues, of \$53.2 million, increased employee and administrative expenses of \$15.1 million and increased environmental costs of \$9.2 million. The increase in depreciation and amortization is primarily due to higher capital expenditures placed in service.

Other Income (Deductions)

Other Income (Deductions) reduced income by \$371.5 million for the nine months ended 2015 compared to a reduction in income of \$274.0 million in the prior year. This increase in deductions is primarily attributable to a loss on early extinguishment of long-term debt of \$97.2 million in 2015.

Income Taxes

Income tax expense for the nine months ended September 30, 2015 was \$74.7 million compared to \$111.5 million in the prior year. NiSource's interim effective tax rates reflect the estimated annual effective tax rates for 2015 and 2014, adjusted for tax expense associated with certain discrete items. The effective tax rates for the nine months ended September 30, 2015 and 2014 were 35.8% and 38.7%, respectively. These effective tax rates differ from the Federal tax rate of 35% primarily due to the effects of tax credits, state income taxes, utility ratemaking, and other permanent book-to-tax differences. The decrease in the year-to-date effective tax rate of 2.9% is primarily due to the impact of the Indiana tax rate change recorded in 2014.

Refer to Note 10, "Income Taxes," in the Notes to Condensed Consolidated Financial Statements (unaudited) for further discussion of income taxes.

Liquidity and Capital Resources

A significant portion of NiSource's operations are subject to seasonal fluctuations in cash flow. During the heating season, which is primarily from November through March, cash receipts from gas sales and transportation services typically exceed cash requirements. During the summer months, cash on hand, together with the seasonal increase in cash flows from the electric business during the summer cooling season and external short-term and long-term financing, is used to purchase gas to place in storage for heating season deliveries and perform necessary maintenance of facilities. NiSource believes that through income generated from operating activities, amounts available under its short-term revolving credit facility, commercial paper program, long-term debt agreements and NiSource's ability to access the capital markets, there is adequate capital available to fund its operating activities and capital expenditures in 2015.

Operating Activities

Net cash from operating activities from continuing operations for the nine months ended September 30, 2015 was \$906.3 million, an increase of \$487.5 million compared to the nine months ended September 30, 2014. The increase in net cash from operating activities from continuing operations was primarily due to the change in inventories and overrecovered gas and fuel costs working capital accounts as a result of lower gas prices and warmer weather in 2015 compared to 2014.

Pension and Other Postretirement Plan Funding. NiSource expects to make contributions of approximately \$2.7 million to its pension plans and approximately \$24.1 million to its other postretirement benefit plans in 2015, which could change depending on market conditions. For the nine months ended September 30, 2015, NiSource has contributed \$2.0 million to its pension plans and \$18.3 million to its other postretirement benefit plans.

Investing Activities

Cash contributions from CPG of \$3,798.2 million were received in conjunction with the Separation, primarily from the settlement of inter-company borrowings and the payment of a one-time special dividend.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

NiSource Inc.

NiSource's capital expenditures for the nine months ended September 30, 2015 were \$923.4 million, compared to \$914.3 million for the comparable period in 2014. NiSource projects 2015 capital expenditures to be approximately \$1.3 billion.

Financing Activities

Long-term Debt. Refer to Note 13, "Long-term Debt," in the Notes to Condensed Consolidated Financial Statements (unaudited) for information on long-term debt.

Credit Facilities. During the third quarter of 2015, NiSource Finance maintained a \$1.5 billion revolving credit facility with a syndicate of banks led by Barclays Capital with a termination date of July 1, 2020. The purpose of the facility is to fund ongoing working capital requirements including the provision of liquidity support for NiSource Finance's \$1.5 billion commercial paper program, provide for issuance of letters of credit and also for general corporate purposes. At September 30, 2015, NiSource had no outstanding borrowings under this facility.

NiSource Finance's commercial paper program has a program limit of up to \$1.5 billion with a dealer group comprised of Barclays, Citigroup, Credit Suisse and Wells Fargo. At September 30, 2015, NiSource had no commercial paper outstanding.

NiSource Finance had no borrowings outstanding under its revolving credit facility at September 30, 2015 and \$500.0 million at December 31, 2014 at a weighted average interest rate of 1.44%. In addition, NiSource Finance had no commercial paper outstanding at September 30, 2015 and \$792.6 million in commercial paper outstanding at December 31, 2014, at a weighted average interest rate of 0.82%.

As of September 30, 2015 and December 31, 2014, NiSource had \$107.2 million and \$284.3 million, respectively, of short-term borrowings recorded on the Condensed Consolidated Balance Sheets (unaudited) relating to its accounts receivable securitization facilities. See Note 8, "Transfers of Financial Assets," in the Notes to Condensed Consolidated Financial Statements (unaudited).

As of September 30, 2015, NiSource had \$14.7 million of stand-by letters of credit outstanding all of which were under the revolving credit facility. At December 31, 2014, NiSource had \$30.9 million of stand-by letters of credit outstanding of which \$14.7 million were under the revolving credit facility.

As of September 30, 2015, an aggregate of \$1,584.9 million of credit was available under the credit facility and accounts receivable securitization programs.

Debt Covenants. NiSource is subject to a financial covenant under its revolving credit facility, which requires NiSource to maintain a debt to capitalization ratio that does not exceed 70%. A similar covenant in a 2005 private placement note purchase agreement requires NiSource to maintain a debt to capitalization ratio that does not exceed 75%. As of September 30, 2015, the ratio was 63.7%.

NiSource is also subject to certain other non-financial covenants under the revolving credit facility. Such covenants include a limitation on the creation or existence of new liens on NiSource's assets, generally exempting liens on utility assets, purchase money security interests, preexisting security interests and an additional subset of assets equal to \$150 million. An asset sale covenant generally restricts the sale, lease and/or transfer of NiSource's assets to no more than 10% of its consolidated total assets and dispositions for a price not materially less than the fair market value of the assets disposed of that do not impair the ability of NiSource and NiSource Finance to perform obligations under the revolving credit facility, and that, together with all other such dispositions, would not have a material adverse effect. The revolving credit facility also includes a cross-default provision, which triggers an event of default under the credit facility in the event of an uncured payment default relating to any indebtedness of NiSource or any of its subsidiaries in a principal amount of \$50 million or more.

NiSource's indentures generally do not contain any financial maintenance covenants. However, NiSource's indentures are generally subject to cross-default provisions ranging from uncured payment defaults of \$5 million to \$50 million, and limitations on the incurrence of liens on NiSource's assets, generally exempting liens on utility assets, purchase money security interests, preexisting security interests and an additional subset of assets capped at 10% of NiSource's consolidated net tangible assets.

Sale of Trade Accounts Receivables. Refer to Note 8, "Transfers of Financial Assets," in the Notes to Condensed Consolidated Financial Statements (unaudited) for information on the sale of trade accounts receivable.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

NiSource Inc.

All accounts receivable sold to the purchasers are valued at face value, which approximates fair value due to their short-term nature. The amount of the undivided percentage ownership interest in the accounts receivables sold is determined, in part, by required loss reserves under the agreements.

Credit Ratings. On June 17, 2015, with consideration of the Separation, Moody's affirmed the NiSource senior unsecured rating of Baa2 and commercial paper rating of P-2, with a stable outlook. Additionally, Moody's affirmed NIPSCO's Baa1 rating and affirmed the Baa2 rating for Columbia of Massachusetts. On June 18, 2015, with consideration of the Separation, Standard & Poor's raised the senior unsecured ratings for NiSource and its subsidiaries to BBB+ and the commercial paper rating of A-2. Standard & Poor's outlook for NiSource and all of its subsidiaries is Stable. On October 27, 2015, Fitch affirmed the senior unsecured ratings for NiSource at BBB-, and the existing ratings of its other rated subsidiaries. Fitch's outlook for NiSource and its subsidiaries is Positive. Although all ratings continue to be investment grade, a downgrade by Fitch would result in a rating that is below investment grade. NiSource is committed to maintaining its investment grade credit ratings.

Certain NiSource affiliates have agreements that contain "ratings triggers" that require increased collateral if the credit ratings of NiSource or certain of its subsidiaries are rated below BBB- by Standard & Poor's or Baa3 by Moody's. These agreements are primarily for insurance purposes and for the physical purchase or sale of power. The collateral requirement that would be required in the event of a downgrade below the ratings trigger levels would amount to approximately \$26.8 million as of September 30, 2015. In addition to agreements with ratings triggers, there are other agreements that contain "adequate assurance" or "material adverse change" provisions that could necessitate additional credit support such as letters of credit and cash collateral to transact business.

Contractual Obligations. There were no material changes recorded during the nine months ended September 30, 2015 to NiSource's contractual obligations as of December 31, 2014 .

Market Risk Disclosures

Risk is an inherent part of NiSource's energy businesses. The extent to which NiSource properly and effectively identifies, assesses, monitors and manages each of the various types of risk involved in its businesses is critical to its profitability. NiSource seeks to identify, assess, monitor and manage, in accordance with defined policies and procedures, the following principal market risks that are involved in NiSource's energy businesses: commodity price risk, interest rate risk and credit risk. Risk management at NiSource is a multi-faceted process with oversight by the Risk Management Committee that requires constant communication, judgment and knowledge of specialized products and markets. NiSource's senior management takes an active role in the risk management process and has developed policies and procedures that require specific administrative and business functions to assist in the identification, assessment and control of various risks. These include but are not limited to market, operational, financial, compliance and strategic risk types. In recognition of the increasingly varied and complex nature of the energy business, NiSource's risk management process, policies and procedures continue to evolve and are subject to ongoing review and modification.

Commodity Price Risk

NiSource is exposed to commodity price risk as a result of its subsidiaries' operations involving natural gas and power. To manage this market risk, NiSource's subsidiaries use derivatives, including commodity futures contracts, swaps and options. NiSource is not involved in speculative energy trading activity.

Commodity price risk resulting from derivative activities at NiSource's rate-regulated subsidiaries is limited, since regulations allow recovery of prudently incurred purchased power, fuel and gas costs through the ratemaking process, including gains or losses on these derivative instruments. If states should explore additional regulatory reform, these subsidiaries may begin providing services without the benefit of the traditional ratemaking process and may be more exposed to commodity price risk. Some of NiSource's rate-regulated utility subsidiaries offer commodity price risk products to its customers for which derivatives are used to hedge forecasted customer usage under such products. These subsidiaries do not have regulatory recovery orders for these products and are subject to gains and losses recognized in earnings due to hedge ineffectiveness.

There are no material commodity price risk assets or liabilities as of September 30, 2015 and December 31, 2014 .

Interest Rate Risk

NiSource is exposed to interest rate risk as a result of changes in interest rates on borrowings under its revolving credit facility, commercial paper program and accounts receivable programs, which have interest rates that are indexed to short-term market

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

NiSource Inc.

interest rates. Based upon average borrowings and debt obligations subject to fluctuations in short-term market interest rates, an increase (or decrease) in short-term interest rates of 100 basis points (1%) would have increased (or decreased) interest expense by \$0.3 million and \$7.5 million for the three and nine months ended September 30, 2015, respectively, and \$5.6 million and \$13.6 million for the three and nine months ended September 30, 2014, respectively.

Credit Risk

Due to the nature of the industry, credit risk is embedded in many of NiSource's business activities. NiSource's extension of credit is governed by a Corporate Credit Risk Policy. In addition, Risk Management Committee guidelines are in place which document management approval levels for credit limits, evaluation of creditworthiness, and credit risk mitigation efforts. Exposures to credit risks are monitored by the Risk Management function which is independent of commercial operations. Credit risk arises due to the possibility that a customer, supplier or counterparty will not be able or willing to fulfill its obligations on a transaction on or before the settlement date. For derivative related contracts, credit risk arises when counterparties are obligated to deliver or purchase defined commodity units of gas or power to NiSource at a future date per execution of contractual terms and conditions. Exposure to credit risk is measured in terms of both current obligations and the market value of forward positions net of any posted collateral such as cash and letters of credit.

NiSource closely monitors the financial status of its banking credit providers. NiSource evaluates the financial status of its banking partners through the use of market-based metrics such as credit default swap pricing levels, and also through traditional credit ratings provided by major credit rating agencies.

Fair Value Measurement

NiSource measures certain financial assets and liabilities at fair value. The level of the fair value hierarchy disclosed is based on the lowest level of input that is significant to the fair value measurement. NiSource's financial assets and liabilities include price risk assets and liabilities, available-for-sale securities and a deferred compensation plan obligation.

Exchange-traded derivative contracts are generally based on unadjusted quoted prices in active markets and are classified within Level 1. These financial assets and liabilities are secured with cash on deposit with the exchange; therefore nonperformance risk has not been incorporated into these valuations. Certain non-exchange-traded derivatives are valued using broker or over-the-counter, on-line exchanges. In such cases, these non-exchange-traded derivatives are classified within Level 2. Non-exchange-based derivative instruments include swaps, forwards and options. In certain instances, NiSource may utilize models to measure fair value. Valuation models utilize various inputs that include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, other observable inputs for the asset or liability and market-corroborated inputs, i.e., inputs derived principally from or corroborated by observable market data by correlation or other means. Where observable inputs are available for substantially the full term of the asset or liability, the instrument is categorized in Level 2. Certain derivatives trade in less active markets with a lower availability of pricing information and models may be utilized in the valuation. When such inputs have a significant impact on the measurement of fair value, the instrument is categorized in Level 3. Credit risk is considered in the fair value calculation of derivative instruments that are not exchange-traded. Credit exposures are adjusted to reflect collateral agreements which reduce exposures.

Refer to Note 7, "Fair Value," in the Notes to the Condensed Consolidated Financial Statements (unaudited) for additional information on NiSource's fair value measurements.

Off Balance Sheet Arrangements

As a part of normal business, NiSource and certain subsidiaries enter into various agreements providing financial or performance assurance to third parties on behalf of certain subsidiaries. Such agreements include guarantees and stand-by letters of credit.

Refer to Note 16, "Other Commitments and Contingencies," in the Notes to Condensed Consolidated Financial Statements (unaudited) for additional information about NiSource's off balance sheet arrangements.

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

NiSource Inc.

Other Information

Critical Accounting Policies

There were no significant changes to critical accounting policies for the period ended September 30, 2015 .

Recently Issued Accounting Pronouncements

Refer to Note 2, "Recent Accounting Pronouncements."

NiSource Inc.

RESULTS AND DISCUSSION OF SEGMENT OPERATIONS

Presentation of Segment Information

NiSource's operations are divided into two primary business segments: Gas Distribution Operations and Electric Operations.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)
**NiSource Inc.
Gas Distribution Operations**

<i>(in millions)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Net Revenues				
Sales revenues	\$ 384.7	\$ 411.9	\$ 2,349.7	\$ 2,594.1
Less: Cost of gas sold (excluding depreciation and amortization)	73.9	114.6	929.9	1,294.8
Net Revenues	310.8	297.3	1,419.8	1,299.3
Operating Expenses				
Operation and maintenance	196.4	208.8	714.2	644.4
Depreciation and amortization	58.5	55.4	172.8	161.7
Loss (Gain) on sale of assets	0.8	—	0.8	(0.2)
Other taxes	35.1	32.3	137.1	131.0
Total Operating Expenses	290.8	296.5	1,024.9	936.9
Operating Income	\$ 20.0	\$ 0.8	\$ 394.9	\$ 362.4
Revenues (\$ in millions)				
Residential	\$ 246.0	\$ 249.1	\$ 1,606.0	\$ 1,646.0
Commercial	72.1	77.0	549.0	572.7
Industrial	36.8	36.9	171.0	169.3
Off System	14.0	28.5	71.3	166.3
Other	15.8	20.4	(47.6)	39.8
Total	\$ 384.7	\$ 411.9	\$ 2,349.7	\$ 2,594.1
Sales and Transportation (MMDth)				
Residential	14.5	15.4	198.0	206.9
Commercial	16.4	17.5	130.2	135.0
Industrial	127.4	126.2	397.8	384.7
Off System	5.2	7.1	24.7	35.6
Other	0.1	—	(0.2)	(0.1)
Total	163.6	166.2	750.5	762.1
Heating Degree Days	43	100	3,936	4,092
Normal Heating Degree Days	85	85	3,576	3,576
% (Warmer) Colder than Normal	(49)%	18%	10%	14%
Customers				
Residential			3,058,415	3,035,401
Commercial			277,525	276,923
Industrial			7,233	7,512
Other			14	15
Total			3,343,187	3,319,851

NiSource's Gas Distribution Operations serve approximately 3.3 million customers in seven states: Ohio, Indiana, Pennsylvania, Massachusetts, Virginia, Kentucky and Maryland. The regulated subsidiaries offer both traditional bundled services as well as transportation only for customers that purchase gas from alternative suppliers. The operating results reflect the temperature-sensitive nature of customer demand with 73% of annual residential and commercial throughput affected by seasonality. As a result, segment operating income is higher in the first and fourth quarters reflecting the heating demand during the winter season.

Regulatory Matters

Refer to Note 6, "Regulatory Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for information on significant rate developments and cost recovery and trackers for the Gas Distribution Operations segment.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

NiSource Inc.
Gas Distribution Operations

Customer Usage. Increased efficiency of natural gas appliances and improvements in home building codes and standards has contributed to a long-term trend of declining average use per customer. Residential and commercial usage for the nine months ended September 30, 2015 decreased from the same period last year primarily due to warmer weather compared to the prior year. While historically, rate design at the distribution level has been structured such that a large portion of cost recovery is based upon throughput, rather than in a fixed charge, operating costs are largely incurred on a fixed basis, and do not fluctuate due to changes in customer usage. As a result, the NiSource LDCs have pursued changes in rate design to more effectively match recoveries with costs incurred. Each of the states in which the NiSource LDCs operate have different requirements regarding the procedure for establishing changes to rate design. Columbia of Ohio restructured its rate design through a base rate proceeding and has adopted a "de-coupled" rate design which more closely links the recovery of fixed costs with fixed charges. Columbia of Massachusetts and Columbia of Virginia received regulatory approval of decoupling mechanisms which adjust revenues to an approved benchmark level through a volumetric adjustment factor. Columbia of Maryland has received regulatory approval to implement a residential class revenue normalization adjustment, a decoupling mechanism whereby monthly revenues that exceed or fall short of approved levels are reconciled in subsequent months. In a prior base rate proceeding, Columbia of Pennsylvania implemented a residential weather normalization adjustment charge. In a prior base rate proceeding, NIPSCO implemented a higher fixed customer charge for residential and small customer classes moving toward full straight fixed variable rate design.

Environmental Matters

Currently, various environmental matters impact the Gas Distribution Operations segment. As of September 30, 2015, reserves have been recorded to cover probable environmental response actions. Refer to Note 16, "Other Commitments and Contingencies," in the Notes to Condensed Consolidated Financial Statements (unaudited) for additional information regarding environmental matters for the Gas Distribution Operations segment.

Weather

In general, NiSource calculates the weather related revenue variance based on changing customer demand driven by weather variance from normal heating degree-days. Normal is evaluated using heating degree days across the NiSource distribution region. While the temperature base for measuring heating degree days (i.e. the estimated average daily temperature at which heating load begins) varies slightly across the region, the NiSource composite measurement is based on 65 degrees. NiSource composite heating degree days reported do not directly correlate to the weather related dollar impact on the results of Gas Distribution Operations. Heating degree days experienced during different times of the year or in different operating locations may have more or less impact on volume and dollars depending on when and where they occur. When the detailed results are combined for reporting, there may be weather related dollar impacts on operations when there is not an apparent or significant change in the aggregated NiSource composite heating degree-day comparison.

Weather in the Gas Distribution Operations' territories for the third quarter of 2015 was 49% warmer than normal and 57% warmer than the third quarter in 2014.

Weather in the Gas Distribution Operations' territories for the nine months ended September 30, 2015 was 10% colder than normal and 4% warmer than the same period in 2014.

Throughput

Total volumes sold and transported of 163.6 MMDth for the third quarter of 2015 decreased by 2.6 MMDth from the same period last year. This 2% decrease in volumes was primarily attributable to warmer weather and lower off-system sales opportunities.

Total volumes sold and transported of 750.5 MMDth for the nine months ended September 30, 2015 decreased by 11.6 MMDth from the same period last year. This 2% decrease in volume was primarily attributable to warmer weather and lower off-system sales opportunities.

Net Revenues

Net revenues for the third quarter of 2015 were \$310.8 million, an increase of \$13.5 million from the same period in 2014. The increase in net revenues is due primarily to an increase in regulatory and service programs of \$11.6 million, including the implementation of rates under Columbia of Ohio's approved infrastructure replacement program, as well as the impact of new rates at Columbia of Virginia and Columbia of Pennsylvania.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

NiSource Inc.

Gas Distribution Operations

Net revenues for the nine months ended September 30, 2015 were \$1,419.8 million, an increase of \$120.5 million from the same period in 2014. The increase in net revenues is due primarily to an increase in regulatory and service programs of \$60.4 million, including the impact of new rates at Columbia of Pennsylvania and Columbia of Virginia and the implementation of rates under Columbia of Ohio's approved infrastructure replacement program. Additionally, there was increased net revenue from higher regulatory and tax trackers, which are offset in expense, of \$47.8 million.

At NIPSCO, sales revenues and customer billings are adjusted for amounts related to under and over-recovered purchased gas costs from prior periods per regulatory order. These amounts are primarily reflected in the "Other" gross revenues statistic provided at the beginning of this segment discussion. The adjustment to Other gross revenues for the three and nine months ended September 30, 2015 was a revenue increase of \$0.5 million and a revenue decrease of \$92.3 million, respectively, compared to a revenue increase of \$10.0 million and \$9.7 million for the three and nine months ended September 30, 2014, respectively.

Operating Income

For the third quarter of 2015, Gas Distribution Operations reported operating income of \$20.0 million, an increase of \$19.2 million from the comparable 2014 period. Operating income increased as a result of higher net revenues, as described above, and decreased operating expenses. Operating expenses were \$5.7 million lower than the comparable period primarily due to decreased regulatory and tax trackers, which are offset in net revenues, of \$4.4 million and lower employee and administrative expenses of \$4.1 million partially offset by increased depreciation of \$3.1 million.

For the nine months ended September 30, 2015, Gas Distribution Operations reported operating income of \$394.9 million, an increase of \$32.5 million from the comparable 2014 period. Operating income increased as a result of higher net revenues, as described above, partially offset by increased operating expenses. Operating expenses were \$88.0 million higher than the comparable period reflecting increased regulatory and tax trackers, which are offset in net revenues, of \$47.8 million, higher employee and administrative expenses of \$13.3 million, increased depreciation of \$11.1 million and higher property taxes of \$6.9 million.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)
**NiSource Inc.
Electric Operations**

<i>(in millions)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Net Revenues				
Sales revenues	\$ 428.6	\$ 424.7	\$ 1,200.1	\$ 1,280.5
Less: Cost of sales (excluding depreciation and amortization)	135.2	147.5	377.5	474.2
Net Revenues	293.4	277.2	822.6	806.3
Operating Expenses				
Operation and maintenance	110.2	120.5	359.7	355.2
Depreciation and amortization	68.6	62.4	199.3	182.9
Gain on sale of assets	—	—	—	(0.1)
Other taxes	16.1	17.4	49.4	49.6
Total Operating Expenses	194.9	200.3	608.4	587.6
Operating Income	\$ 98.5	\$ 76.9	\$ 214.2	\$ 218.7
Revenues (\$ in millions)				
Residential	\$ 125.3	\$ 122.3	\$ 333.2	\$ 335.7
Commercial	120.6	122.4	338.6	337.3
Industrial	153.4	185.3	489.3	537.0
Wholesale	5.0	4.9	13.8	26.6
Other	24.3	(10.2)	25.2	43.9
Total	\$ 428.6	\$ 424.7	\$ 1,200.1	\$ 1,280.5
Sales (Gigawatt Hours)				
Residential	1,001.9	915.2	2,584.6	2,604.6
Commercial	1,066.7	1,031.6	2,935.8	2,932.0
Industrial	2,270.3	2,504.7	6,990.7	7,567.6
Wholesale	76.9	161.4	194.8	485.3
Other	36.1	36.4	105.2	104.7
Total	4,451.9	4,649.3	12,811.1	13,694.2
Cooling Degree Days	529	381	758	657
Normal Cooling Degree Days	570	570	799	799
% Colder than Normal	(7)%	(33)%	(5)%	(18)%
Electric Customers				
Residential			403,468	401,683
Commercial			54,841	54,383
Industrial			2,351	2,364
Wholesale			746	751
Other			3	4
Total			461,409	459,185

NiSource generates and distributes electricity, through its subsidiary NIPSCO, to approximately 461 thousand customers in 20 counties in the northern part of Indiana. The operating results reflect the temperature-sensitive nature of customer demand with annual sales affected by temperatures in the northern part of Indiana. As a result, segment operating income is generally higher in the second and third quarters, reflecting cooling demand during the summer season.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

NiSource Inc.
Electric Operations

Electric Supply

On October 31, 2014, NIPSCO submitted its 2014 Integrated Resource Plan with the IURC. The plan evaluates demand-side and supply-side resource alternatives to reliably and cost-effectively meet NIPSCO customers' future energy requirements over the next twenty years. Existing resources are expected to be sufficient, assuming favorable outcomes for environmental upgrades, to meet customers' needs into the next decade. NIPSCO continues to monitor and assess economic, regulatory and legislative activity, and will update its resource plan as appropriate.

Regulatory Matters

Refer to Note 6, "Regulatory Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for information on significant rate developments and cost recovery and trackers for the Electric Operations segment.

Environmental Matters

Currently, various environmental matters impact the Electric Operations segment. As of September 30, 2015, a reserve has been recorded to cover probable and estimable environmental response actions. Refer to Note 16, "Other Commitments and Contingencies," in the Notes to Condensed Consolidated Financial Statements (unaudited) for additional information regarding environmental matters for the Electric Operations segment.

Transmission Upgrade Agreements

On February 11, 2014, NIPSCO entered into TUAs with upgrade sponsors to complete upgrades on NIPSCO's transmission system on behalf of those sponsors. The upgrade sponsors have agreed to reimburse NIPSCO for the total cost to construct transmission upgrades and place them into service, which is estimated at \$50.3 million, multiplied by a rate of 1.71 ("the multiplier").

On June 10, 2014, certain upgrade sponsors for both TUAs filed a complaint at the FERC against NIPSCO regarding the multiplier stated in the TUAs. On June 30, 2014, NIPSCO filed an answer defending the terms of the TUAs and the just and reasonable nature of the multiplier charged therein and moved for dismissal of the complaint. On December 8, 2014, the FERC issued an order in response to the complaint finding that it is appropriate for NIPSCO to recover, through the multiplier, substantiated costs of ownership related to the TUAs. The FERC set for hearing the issue of what constitutes the incremental costs NIPSCO will incur, but is holding that hearing in abeyance to allow for settlement. NIPSCO will continue to monitor developments in this matter and does not believe the impact is material to the Condensed Consolidated Financial Statements (unaudited).

Sales

Electric Operations sales quantities for the third quarter of 2015 were 4,451.9 gwh, a decrease of 197.4 gwh compared to the third quarter of 2014. The 4% decrease is primarily attributable to decreases in industrial usage, which was caused by a reduction in steel production due to the high levels of imports that have impacted the steel market since the beginning of 2015.

Electric Operations sales quantities for the nine months ended September 30, 2015 were 12,811.1 gwh, a decrease of 883.1 gwh compared to the same period in 2014. The 6% decrease is primarily attributable to decreases in sales for resale and industrial usage. The decreases in sales for resale relate to fewer opportunities for off-system sales during the first quarter of 2015 due to the milder weather that occurred during that period. The decrease in industrial usage was primarily attributable to a reduction in steel production due to the high level of imports that have impacted the steel market since the beginning of 2015.

Net Revenues

Net revenues were \$293.4 million for the third quarter of 2015, an increase of \$16.2 million from the same period in 2014. The increase in net revenues is due primarily to the effects of weather of \$10.2 million, increased trackers, which are offset in expense, of \$6.8 million and a higher return on the environmental capital investment recovery program of \$4.1 million due to an increased plant balance eligible for recovery. These increases were partially offset by lower industrial usage of \$5.1 million.

Net revenues were \$822.6 million for the nine months ended September 30, 2015, an increase of \$16.3 million from the same period in 2014. The increase in net revenues is due primarily to increased trackers, which are offset in expense, of \$14.7 million and a higher return on the environmental capital investment recovery program of \$7.8 million due to an increased plant balance eligible for recovery. Additionally, there was increased net revenue of \$7.2 million as a result of two electric transmission projects authorized by the MISO and the effects of weather of \$4.4 million. These increases were partially offset by lower industrial usage of \$12.3 million due to reduced steel production and decreased net revenues of \$8.9 million as a result of fewer off-system sales opportunities in 2015.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

NiSource Inc.
Electric Operations

At NIPSCO, sales revenues and customer billings are adjusted for amounts related to under and over-recovered purchased fuel costs from prior periods per regulatory order. These amounts are primarily reflected in the "Other" gross revenues statistic provided at the beginning of this segment discussion. The adjustment to "Other" gross revenues for the three and nine months ended September 30, 2015 was a revenue increase of \$11.3 million and a decrease of \$13.4 million, respectively, compared to a revenue decrease of \$22.2 million and an increase of \$8.6 million for the three and nine months ended September 30, 2014 , respectively.

Operating Income

For the third quarter of 2015, Electric Operations reported operating income of \$98.5 million, an increase of \$21.6 million from the comparable 2014 period. Operating income increased as a result of higher net revenues, as described above, and lower operating expenses of \$5.4 million. Operating expense decreased primarily as a result of lower employee and administrative expenses of \$7.2 million.

For the nine months ended September 30, 2015, Electric Operations reported operating income of \$214.2 million, a decrease of \$4.5 million from the comparable 2014 period. Operating income decreased as a result of higher operating expenses partially offset by increased net revenues, as described above. Operating expenses increased \$20.8 million primarily as a result of an increase in trackers, which are offset in net revenues, of \$14.7 million and higher environmental costs of \$9.6 million.

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ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

NiSource Inc.

For a discussion regarding quantitative and qualitative disclosures about market risk see “Management’s Discussion and Analysis of Financial Condition and Results of Operations - Market Risk Disclosures.”

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

NiSource’s chief executive officer and its principal financial officer, are responsible for evaluating the effectiveness of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)). NiSource’s disclosure controls and procedures are designed to provide reasonable assurance that the information required to be disclosed by us in reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including NiSource’s chief executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure and is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC. Based upon that evaluation, NiSource’s chief executive officer and principal financial officer concluded that, as of the end of the period covered by this report, our disclosure controls and procedures were effective to provide reasonable assurance that financial information was processed, recorded and reported accurately.

Changes in Internal Controls

There have been no changes in NiSource’s internal control over financial reporting during the fiscal quarter covered by this report that has materially affected, or is reasonably likely to materially affect, NiSource’s internal control over financial reporting.

PART II

ITEM 1. LEGAL PROCEEDINGS

NiSource Inc.

The Company is party to certain claims and legal proceedings arising in the ordinary course of business, none of which is deemed to be individually material at this time. Due to the inherent uncertainty of litigation, there can be no assurance that the resolution of any particular claim or proceeding would not have a material adverse effect on the Company's results of operations, financial position or liquidity. It is possible that if one or more of such matters were decided against the Company, the effects could be material to the Company's results of operations in the period in which the Company would be required to record or adjust the related liability and could also be material to the Company's cash flows in the periods the Company would be required to pay such liability.

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ITEM 1A. RISK FACTORS

NiSource Inc.

NiSource's operations and financial results are subject to various risks and uncertainties, including those disclosed in NiSource's most recent Annual Report on Form 10-K for the year ended December 31, 2014 and restated in NiSource's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2015. There have been no material changes to such risk factors as most recently restated.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

NiSource Inc.

- (10.1) Form of Amended and Restated 2013 Performance Share Agreement effective on implementation of the spin-off on July 1, 2015, (under the 2010 Omnibus Incentive Plan). **
- (10.2) Form of Amended and Restated 2014 Performance Share Agreement effective on the implementation of the spin-off on July 1, 2015, (under the 2010 Omnibus Incentive Plan).**
- (10.3) Form of Amendment to Restricted Stock Unit Award (“RSU”) Agreement related to Vested but Unpaid NiSource RSUs for Nonemployee Directors of NiSource entered into as of July 13, 2015.**
- (10.4) Form of Restricted Stock Unit Award (“RSU”) Agreement under the Columbia Pipeline Group, Inc. (“CPG”) 2015 Omnibus Incentive Plan relating to Vested but Unpaid NiSource RSUs for Nonemployee Directors of CPG entered into as of July 13, 2015.**
- (10.5) Revised Change in Control and Termination Agreement (incorporated by reference to Exhibit 10.1 to the NiSource Inc. Form 8-K filed on October 23, 2015.)
- (10.6) Second Amendment to the NiSource Inc. 2010 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.2 to the NiSource Inc. Form 8-K filed October 23, 2015.)
- (31.1) Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. **
- (31.2) Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. **
- (32.1) Certification of Chief Executive Officer pursuant to 18. U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith). **
- (32.2) Certification of Chief Financial Officer pursuant to 18. U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith). **
- (101.INS) XBRL Instance Document
- (101.SCH) XBRL Schema Document
- (101.CAL) XBRL Calculation Linkbase Document
- (101.LAB) XBRL Labels Linkbase Document
- (101.PRE) XBRL Presentation Linkbase Document
- (101.DEF) XBRL Definition Linkbase Document

* Management contract or compensatory plan or arrangement of NiSource Inc.

** Exhibit filed herewith.

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SIGNATURE

NiSource Inc.

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.

NiSource Inc.

(Registrant)

Date: November 3, 2015

By:

/s/ Joseph W. Mulpas

Joseph W. Mulpas

Vice President and Chief Accounting Officer
(Principal Accounting Officer
and Duly Authorized Officer)

NiSource Inc.
2010 Omnibus Incentive Plan
Restricted Stock Unit Agreement
Amending and Restating the
2013 Performance Share Agreement

This Restricted Stock Unit Agreement (the "Agreement") amends and restates the performance share agreement entered into between NiSource Inc., a Delaware corporation (the "Company"), and [Name of Employee], an Employee of the Company (the "Grantee"), on [date of grant of original performance share Award, 2013] (the "2013 Performance Share Agreement").

Section 1. Amendment and Restatement of Performance Share Award into a Restricted Stock Unit Award . The Company and the Grantee previously entered into the 2013 Performance Share Agreement on [date of grant of original performance share Award, 2013] (the "Date of Grant"). On July 1, 2015, the Company implemented the spin-off of its pipeline and transmission business, comprised of Columbia Pipeline Group, Inc., a Delaware corporation ("CPG") and its affiliates, which made CPG and its affiliates independent and no longer part of the controlled group of corporations of the Company. Based on

- (i) the performance of the Company and satisfaction of the applicable performance metrics under the 2013 Performance Share Agreement from the date of grant of the 2013 Performance Share Agreement until the date immediately before the spin-off of CPG, and
- (ii) the Company's determination to preserve the value of the performance share units granted under the 2013 Performance Share Agreement and in accordance with the adjustment provisions of the NiSource Inc. 2010 Omnibus Incentive Plan and the 2013 Performance Share Agreement,

the Company hereby amends and restates the 2013 Performance Share Agreement with the Grantee and grants to the Grantee in its entirety, on the terms and conditions hereinafter set forth, to provide a new total Award of _____ Restricted Stock Units. The Restricted Stock Units will be represented by a bookkeeping entry (the "RSU Account") of the Company, and each Restricted Stock Unit shall be equivalent to one share of the Company's common stock.

Section 2. Grantee Accounts . The number of Restricted Stock Units granted pursuant to this Agreement shall be credited to the Grantee's RSU Account. Each RSU Account shall be maintained on the books of the Company until full payment of the balance thereof has been made to the Grantee (or the Grantee's beneficiaries or estate if the Grantee is deceased) in accordance with Section 1 above. No funds shall be set aside or earmarked for any RSU Account, which shall be purely a bookkeeping device.

Section 3. Vesting and Lapse of Restrictions .

- (a) Vesting . Subject to the forfeiture conditions described later in this Agreement, the Restricted Stock Units shall vest on February 29, 2016 (the "Vesting Date").
- (b) Effect of Termination of Service . Except as set forth below, if Grantee's Service is terminated for any reason prior to the Vesting Date or the occurrence of any event provided in this Section, the Grantee shall forfeit any Restricted Stock Units that have not yet become vested.
 - (i) Termination Due to Retirement, Death, or Disability . If, before the Vesting Date, the Grantee terminates Service due to the Grantee's Retirement, death, or Disability, the restrictions set forth in part (a) above shall lapse with respect to a *pro rata* portion of such Restricted Stock Units on the date of such termination of Service. Such *pro rata* lapse of the restrictions shall be determined using a fraction, where the numerator shall be the number of full or partial calendar months elapsed between the Date of Grant and the date the Grantee terminates Service, and the denominator shall be the number of full or partial calendar months between the Date of Grant and the Vesting Date that immediately follows the Grantee's termination date. For purposes of this Agreement, "Retirement" means the Grantee's attainment of age 55 and 10 years of Service.

(ii) Termination After a Change in Control. If, before the Vesting Date and within 24 months after a Change in Control of the Company occurs, the Grantee's Service is terminated by the Company other than for Cause, or Grantee terminates Service for Good Reason, all the Restricted Stock Units shall become fully and immediately vested, and all restrictions shall lapse, upon the date of such Termination of Service.

(iii) Termination in Anticipation of a Change in Control. If, before the Vesting Date, (1) a Change in Control has occurred, (2) the Company has terminated the Grantee's Service without Cause during the year before the Change in Control was consummated but after a third party and/or the Company had taken steps reasonably calculated to effect a Change in Control, and (3) it is reasonably demonstrated by the Grantee that such termination of Service was in connection with or in anticipation of a Change in Control, all the Restricted Stock Units shall become fully and immediately vested, and all restrictions shall lapse, on the fifth business day before the date of consummation of a Change in Control of the Company.

(iv) Cause and Good Reason. For purposes of this Agreement, "Cause" shall be deemed to exist if, and only if, the Company notifies the Grantee, in writing, within 60 days of its knowledge that one of the following events have occurred: (1) the Grantee engages in acts or omissions constituting dishonesty, intentional breach of fiduciary obligation or intentional wrongdoing or malfeasance, in each case that results in substantial harm to the Company; or (2) the Grantee is convicted of a criminal violation involving fraud or dishonesty. For purposes of this Agreement, "Good Reason" shall be deemed to exist if, and only if, the Company has failed to cure any of the following conditions within 30 days after receipt of advanced written notice of such conditions by the Grantee: (1) a significant diminution in the nature or the scope of the Grantee's authorities or duties; (2) there is a significant reduction in the Grantee's monthly rate of base salary and opportunity to earn a bonus under an incentive bonus compensation plan maintained by the Company; (3) the Company changes by 50 miles or more the principal location at which the Grantee is required to perform services as of the date of a Change in Control; or (4) the Company or any successor materially breaches this Agreement.

(c) Limitation on Restricted Stock Units. Notwithstanding the previous provisions of this Section, during any calendar year with respect to which the Grantee is a Covered Officer (for purpose of Internal Revenue Code ("Code") Section 162(m)), if the Grantee otherwise would vest in a number of Restricted Stock Units under this Section, the Grantee instead may vest only with respect to a sufficient number of Restricted Stock Units whose aggregate Fair Market Value on the date such restrictions would, when added to the Grantee's "applicable employee remuneration" (as defined in Code Section 162(m)) for the applicable calendar year that does not constitute "qualified performance-based compensation" (as defined in Code Section 162(m)), not exceed the aggregate amount of \$999,999.00 for the applicable calendar year (the "Limitation").

To the extent the restrictions on any Restricted Stock Units do not lapse due to the application of this Section, the restrictions on such Restricted Stock Units shall lapse on the first to occur of:

- (i) the last business day of any subsequent calendar year or years to the extent that the Limitation is not exceeded for such year or years;
- (ii) the date next following the Grantee's termination of Service for any reason other than for Cause; or
- (iii) the first business day of the year next following the year with respect to which the Grantee ceases to be a Covered Officer.

The Company will make all determinations as to whether the lapse of restrictions on any Restricted Stock Units is delayed in accordance with this Section. Such determinations will be made on a uniform and non-discriminatory basis consistent with the requirements under Code Section 409A.

Section 4. Delivery of Shares. Once Restricted Stock Units have vested under this Agreement, the Company will determine the number of Shares represented by the Restricted Stock Units in the Grantee's RSU Account and deliver the total number of Shares due to the Grantee as soon as administratively possible after such date. Notwithstanding any provision to the contrary, if, in the reasonable determination of the Company, a Grantee is a "specified employee" for purposes of Code Section 409A, then, if necessary to avoid the imposition of additional taxes or interest under Code Section 409A, the Company shall not deliver the Shares otherwise payable upon the Grantee's termination and separation of Service until the date that is at least 6

months following the Grantee's termination and separation of Service. The delivery of the Shares shall be subject to payment of the applicable withholding tax liability and the forfeiture provisions of this Agreement. If the Grantee dies before the Company has distributed any portion of the vested Restricted Stock Units, the Company will transfer any Shares payable with respect to the vested Restricted Stock Units in accordance with the Grantee's written beneficiary designation or to the Grantee's estate if no written beneficiary designation is provided.

Section 5. Withholding of Taxes. The Company shall have the power and the right to deduct or withhold, or require the Grantee to remit to the Company, an amount sufficient to satisfy federal, state, and local taxes, domestic or foreign, required by law or regulation to be withheld with respect to any taxable event arising as a result of this Agreement.

Section 6. Securities Law Compliance. The delivery of all or any Shares that relate to the Restricted Stock Units shall only be effective at such time that the issuance of such Shares will not violate any state or federal securities or other laws. The Company is under no obligation to effect any registration of Shares under the Securities Act of 1933 or to effect any state registration or qualification of the Shares that may be issued under this Agreement. The Company may, in its sole discretion, delay the delivery of Shares or place restrictive legends on Shares in order to ensure that the issuance of any Shares will be in compliance with federal or state securities laws and the rules of any exchange upon which the Company's Shares are traded. If the Company delays the delivery of Shares in order to ensure compliance with any state or federal securities or other laws, the Company shall deliver the Shares at the earliest date at which the Company reasonably believes that such delivery will not cause such violation, or at such later date that may be permitted under Code Section 409A.

Section 7. Restriction on Transferability. Except as otherwise provided under the Plan, until the Restricted Stock Units have vested under this Agreement, the Restricted Stock Units granted herein and the rights and privileges conferred hereby may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated (by operation of law or otherwise), other than by will or the laws of descent and distribution. Any attempted transfer in violation of the provisions of this paragraph shall be void, and the purported transferee shall obtain no rights with respect to such Restricted Stock Units.

Section 8. Grantee's Rights Unsecured. The right of the Grantee or his or her beneficiary to receive a distribution hereunder shall be an unsecured claim against the general assets of the Company, and neither the Grantee nor his or her beneficiary shall have any rights in or against any amounts credited to the Grantee's RSU Account or any other specific assets of the Company. All amounts credited to the Grantee's RSU Account shall constitute general assets of the Company and may be disposed of by the Company at such time and for such purposes, as it may deem appropriate.

Section 9. No Rights as Stockholder or Employee.

- (a) Unless and until Shares have been issued to the Grantee, the Grantee shall not have any privileges of a stockholder of the Company with respect to any Restricted Stock Units subject to this Agreement, nor shall the Company have any obligation to issue any dividends or otherwise afford any rights to which Shares are entitled with respect to any such Restricted Stock Units.
- (b) Nothing in this Agreement or the Award shall confer upon the Grantee any right to continue as an Employee of the Company or any Affiliate or to interfere in any way with the right of the Company or any Affiliate to terminate the Grantee's Service at any time.

Section 10. Adjustments. If at any time while the Award is outstanding, the number of outstanding Restricted Stock Units is changed by reason of a reorganization, recapitalization, stock split or any of the other events described in the Plan, the number and kind of Restricted Stock Units shall be adjusted in accordance with the provisions of the Plan. In the event of certain corporate events specified in Article XVI of the Plan, the Committee shall take action in accordance with the procedures and provisions of Article XVI of the Plan; provided that the Grantee shall receive value for each Share subject to this Agreement equal to the value received by each stockholder of the Company as a result of the Change in Control.

Section 11. Notices. Any notice hereunder by the Grantee shall be given to the Company in writing and such notice shall be deemed duly given only upon receipt thereof at the following address: Corporate Secretary, NiSource Inc., 801 East 86th Avenue, Merrillville, IN 46410-6271, or at such other address as the Company may designate by notice to the Grantee. Any notice hereunder by the Company shall be given to the Grantee in writing and such notice shall be deemed duly given only upon receipt thereof at such address as the Grantee may have on file with the Company.

Section 12. Administration. The administration of this Agreement, including the interpretation and amendment or termination of this Agreement, will be performed in accordance with the Plan. All determinations and decisions made by the Committee, the Board, or any delegate of the Committee as to the provisions of this Agreement shall be conclusive, final, and

binding on all persons. This Agreement at all times shall be governed by the Plan and in no way alter or modify the Plan. To the extent a conflict exists between this Agreement and the Plan, the provisions of the Plan shall govern. Notwithstanding the foregoing, if subsequent guidance is issued under Code Section 409A that would impose additional taxes, penalties, or interest to either the Company or the grantee, the Company may administer this Agreement in accordance with such guidance and amend this Agreement without the Consent of the Grantee to the extent such actions, in the reasonable judgment of the Company, are considered necessary to avoid the imposition of such additional taxes, penalties, or interest.

Section 13. Governing Law. This Agreement shall be construed and enforced in accordance with the laws of the State of Indiana, without giving effect to the choice of law principles thereof.

Section 14. Government Regulations. Notwithstanding anything contained herein to the contrary, the Company's obligation to issue or deliver certificates evidencing the Restricted Stock Units shall be subject to all applicable laws, rules and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

Section 15. Entire Agreement; Code Section 409A Compliance. This Agreement and the Plan contain the terms and conditions with respect to the subject matter hereof and supersede any previous agreements, written or oral, relating to the subject matter hereof, including the 2013 Performance Share Agreement. This Agreement is pursuant to the terms of the Company's 2010 Omnibus Incentive Plan (the "Plan"). The Grantee acknowledges that the Restricted Stock Units awarded under this Agreement satisfies any obligation of the Company to provide any additional Restricted Stock Units or other Awards under the Plan and the 2013 Performance Share Agreement as a result of the previously described spin-off of CPG. The applicable terms of the Plan are incorporated herein by reference, including the definition of capitalized terms contained in the Plan, and including the Code Section 409A provisions of Section XIX of the Plan. This Agreement shall be interpreted in accordance with Code Section 409A. This Agreement shall be deemed to be modified to the maximum extent necessary to be in compliance with Code Section 409A's rules. If the Grantee is unexpectedly required to include in the Grantee's current year's income any amount of compensation relating to the Restricted Stock Units because of a failure to meet the requirements of Code Section 409A, then to the extent permitted by Code Section 409A, the Grantee may receive a distribution of cash or Shares in an amount not to exceed the amount required to be included in income as a result of the failure to comply with Code Section 409A.

Section 16. Successors. All obligations of the Company under this Agreement shall be binding on any successor to the Company.

IN WITNESS WHEREOF , the Company has caused this Award to be granted, and the Grantee has accepted this Award, as of the date first above written.

NiSource Inc.

By: _____

Its: _____

Grantee

By: _____

NiSource Inc.
2010 Omnibus Incentive Plan
Restricted Stock Unit Agreement
Amending and Restating the
2014 Performance Share Agreement

This Restricted Stock Unit Agreement (the "Agreement") amends and restates the performance share agreement entered into between NiSource Inc., a Delaware corporation (the "Company"), and [Name of Employee], an Employee of the Company (the "Grantee"), on [date of grant of original performance share Award, 2014] (the "2014 Performance Share Agreement").

Section 1. Amendment and Restatement of Performance Share Award into a Restricted Stock Unit Award . The Company and the Grantee previously entered into the 2014 Performance Share Agreement on [date of grant of original performance share Award, 2014] (the "Date of Grant"). On July 1, 2015, the Company implemented the spin-off of its pipeline and transmission business, comprised of Columbia Pipeline Group, Inc., a Delaware corporation ("CPG") and its affiliates, which made CPG and its affiliates independent and no longer part of the controlled group of corporations of the Company. Based on

- (i) the performance of the Company and satisfaction of the applicable performance metrics under the 2014 Performance Share Agreement from the date of grant of the 2014 Performance Share Agreement until the date immediately before the spin-off of CPG, and
- (ii) the Company's determination to preserve the value of the performance share units granted under the 2014 Performance Share Agreement and in accordance with the adjustment provisions of the NiSource Inc. 2010 Omnibus Incentive Plan and the 2014 Performance Share Agreement,

the Company hereby amends and restates the 2014 Performance Share Agreement with the Grantee and grants to the Grantee in its entirety, on the terms and conditions hereinafter set forth, to provide a new total Award of _____ Restricted Stock Units. The Restricted Stock Units will be represented by a bookkeeping entry (the "RSU Account") of the Company, and each Restricted Stock Unit shall be equivalent to one share of the Company's common stock.

Section 2. Grantee Accounts . The number of Restricted Stock Units granted pursuant to this Agreement shall be credited to the Grantee's RSU Account. Each RSU Account shall be maintained on the books of the Company until full payment of the balance thereof has been made to the Grantee (or the Grantee's beneficiaries or estate if the Grantee is deceased) in accordance with Section 1 above. No funds shall be set aside or earmarked for any RSU Account, which shall be purely a bookkeeping device.

Section 3. Vesting and Lapse of Restrictions .

- (a) Vesting . Subject to the forfeiture conditions described later in this Agreement, the Restricted Stock Units shall vest on February 28, 2017 (the "Vesting Date").
- (b) Effect of Termination of Service . Except as set forth below, if Grantee's Service is terminated for any reason prior to the Vesting Date or the occurrence of any event provided in this Section, the Grantee shall forfeit any Restricted Stock Units that have not yet become vested.
 - (i) Termination Due to Retirement, Death, or Disability . If, before the Vesting Date, the Grantee terminates Service due to the Grantee's Retirement, death, or Disability, the restrictions set forth in part (a) above shall lapse with respect to a *pro rata* portion of such Restricted Stock Units on the date of such termination of Service. Such *pro rata* lapse of the restrictions shall be determined using a fraction, where the numerator shall be the number of full or partial calendar months elapsed between the Date of Grant and the date the Grantee terminates Service, and the denominator shall be the number of full or partial calendar months between the Date of Grant and the Vesting Date that immediately follows the Grantee's termination date. For purposes of this Agreement, "Retirement" means the Grantee's attainment of age 55 and 10 years of Service.

(ii) Termination After a Change in Control. If, before the Vesting Date and within 24 months after a Change in Control of the Company occurs, the Grantee's Service is terminated by the Company other than for Cause, or Grantee terminates Service for Good Reason, all the Restricted Stock Units shall become fully and immediately vested, and all restrictions shall lapse, upon the date of such Termination of Service.

(iii) Termination in Anticipation of a Change in Control. If, before the Vesting Date, (1) a Change in Control has occurred, (2) the Company has terminated the Grantee's Service without Cause during the year before the Change in Control was consummated but after a third party and/or the Company had taken steps reasonably calculated to effect a Change in Control, and (3) it is reasonably demonstrated by the Grantee that such termination of Service was in connection with or in anticipation of a Change in Control, all the Restricted Stock Units shall become fully and immediately vested, and all restrictions shall lapse, on the fifth business day before the date of consummation of a Change in Control of the Company.

(iv) Cause and Good Reason. For purposes of this Agreement, "Cause" shall be deemed to exist if, and only if, the Company notifies the Grantee, in writing, within 60 days of its knowledge that one of the following events have occurred: (1) the Grantee engages in acts or omissions constituting dishonesty, intentional breach of fiduciary obligation or intentional wrongdoing or malfeasance, in each case that results in substantial harm to the Company; or (2) the Grantee is convicted of a criminal violation involving fraud or dishonesty. For purposes of this Agreement, "Good Reason" shall be deemed to exist if, and only if, the Company has failed to cure any of the following conditions within 30 days after receipt of advanced written notice of such conditions by the Grantee: (1) a significant diminution in the nature or the scope of the Grantee's authorities or duties; (2) there is a significant reduction in the Grantee's monthly rate of base salary and opportunity to earn a bonus under an incentive bonus compensation plan maintained by the Company; (3) the Company changes by 50 miles or more the principal location at which the Grantee is required to perform services as of the date of a Change in Control; or (4) the Company or any successor materially breaches this Agreement.

(c) Limitation on Restricted Stock Units. Notwithstanding the previous provisions of this Section, during any calendar year with respect to which the Grantee is a Covered Officer (for purpose of Internal Revenue Code ("Code") Section 162(m)), if the Grantee otherwise would vest in a number of Restricted Stock Units under this Section, the Grantee instead may vest only with respect to a sufficient number of Restricted Stock Units whose aggregate Fair Market Value on the date such restrictions would, when added to the Grantee's "applicable employee remuneration" (as defined in Code Section 162(m)) for the applicable calendar year that does not constitute "qualified performance-based compensation" (as defined in Code Section 162(m)), not exceed the aggregate amount of \$999,999.00 for the applicable calendar year (the "Limitation").

To the extent the restrictions on any Restricted Stock Units do not lapse due to the application of this Section, the restrictions on such Restricted Stock Units shall lapse on the first to occur of:

- (i) the last business day of any subsequent calendar year or years to the extent that the Limitation is not exceeded for such year or years;
- (ii) the date next following the Grantee's termination of Service for any reason other than for Cause, or
- (iii) the first business day of the year next following the year with respect to which the Grantee ceases to be a Covered Officer.

The Company will make all determinations as to whether the lapse of restrictions on any Restricted Stock Units is delayed in accordance with this Section. Such determinations will be made on a uniform and non-discriminatory basis consistent with the requirements under Code Section 409A.

Section 4. Delivery of Shares. Once Restricted Stock Units have vested under this Agreement, the Company will determine the number of Shares represented by the Restricted Stock Units in the Grantee's RSU Account and deliver the total number of Shares due to the Grantee as soon as administratively possible after such date. Notwithstanding any provision to the contrary, if, in the reasonable determination of the Company, a Grantee is a "specified employee" for purposes of Code Section 409A, then, if necessary to avoid the imposition of additional taxes or interest under Code Section 409A, the Company shall not

deliver the Shares otherwise payable upon the Grantee's termination and separation of Service until the date that is at least 6 months following the Grantee's termination and separation of Service. The delivery of the Shares shall be subject to payment of the applicable withholding tax liability and the forfeiture provisions of this Agreement. If the Grantee dies before the Company has distributed any portion of the vested Restricted Stock Units, the Company will transfer any Shares payable with respect to the vested Restricted Stock Units in accordance with the Grantee's written beneficiary designation or to the Grantee's estate if no written beneficiary designation is provided.

Section 5. Withholding of Taxes. The Company shall have the power and the right to deduct or withhold, or require the Grantee to remit to the Company, an amount sufficient to satisfy federal, state, and local taxes, domestic or foreign, required by law or regulation to be withheld with respect to any taxable event arising as a result of this Agreement.

Section 6. Securities Law Compliance. The delivery of all or any Shares that relate to the Restricted Stock Units shall only be effective at such time that the issuance of such Shares will not violate any state or federal securities or other laws. The Company is under no obligation to effect any registration of Shares under the Securities Act of 1933 or to effect any state registration or qualification of the Shares that may be issued under this Agreement. The Company may, in its sole discretion, delay the delivery of Shares or place restrictive legends on Shares in order to ensure that the issuance of any Shares will be in compliance with federal or state securities laws and the rules of any exchange upon which the Company's Shares are traded. If the Company delays the delivery of Shares in order to ensure compliance with any state or federal securities or other laws, the Company shall deliver the Shares at the earliest date at which the Company reasonably believes that such delivery will not cause such violation, or at such later date that may be permitted under Code Section 409A.

Section 7. Restriction on Transferability. Except as otherwise provided under the Plan, until the Restricted Stock Units have vested under this Agreement, the Restricted Stock Units granted herein and the rights and privileges conferred hereby may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated (by operation of law or otherwise), other than by will or the laws of descent and distribution. Any attempted transfer in violation of the provisions of this paragraph shall be void, and the purported transferee shall obtain no rights with respect to such Restricted Stock Units.

Section 8. Grantee's Rights Unsecured. The right of the Grantee or his or her beneficiary to receive a distribution hereunder shall be an unsecured claim against the general assets of the Company, and neither the Grantee nor his or her beneficiary shall have any rights in or against any amounts credited to the Grantee's RSU Account or any other specific assets of the Company. All amounts credited to the Grantee's RSU Account shall constitute general assets of the Company and may be disposed of by the Company at such time and for such purposes, as it may deem appropriate.

Section 9. No Rights as Stockholder or Employee.

- (a) Unless and until Shares have been issued to the Grantee, the Grantee shall not have any privileges of a stockholder of the Company with respect to any Restricted Stock Units subject to this Agreement, nor shall the Company have any obligation to issue any dividends or otherwise afford any rights to which Shares are entitled with respect to any such Restricted Stock Units.
- (b) Nothing in this Agreement or the Award shall confer upon the Grantee any right to continue as an Employee of the Company or any Affiliate or to interfere in any way with the right of the Company or any Affiliate to terminate the Grantee's Service at any time.

Section 10. Adjustments. If at any time while the Award is outstanding, the number of outstanding Restricted Stock Units is changed by reason of a reorganization, recapitalization, stock split or any of the other events described in the Plan, the number and kind of Restricted Stock Units shall be adjusted in accordance with the provisions of the Plan. In the event of certain corporate events specified in Article XVI of the Plan, the Committee shall take action in accordance with the procedures and provisions of Article XVI of the Plan; provided that the Grantee shall receive value for each Share subject to this Agreement equal to the value received by each stockholder of the Company as a result of the Change in Control.

Section 11. Notices. Any notice hereunder by the Grantee shall be given to the Company in writing and such notice shall be deemed duly given only upon receipt thereof at the following address: Corporate Secretary, NiSource Inc., 801 East 86th Avenue, Merrillville, IN 46410-6271, or at such other address as the Company may designate by notice to the Grantee. Any notice hereunder by the Company shall be given to the Grantee in writing and such notice shall be deemed duly given only upon receipt thereof at such address as the Grantee may have on file with the Company.

Section 12. Administration. The administration of this Agreement, including the interpretation and amendment or termination of this Agreement, will be performed in accordance with the Plan. All determinations and decisions made by the

Committee, the Board, or any delegate of the Committee as to the provisions of this Agreement shall be conclusive, final, and binding on all persons. This Agreement at all times shall be governed by the Plan and in no way alter or modify the Plan. To the extent a conflict exists between this Agreement and the Plan, the provisions of the Plan shall govern. Notwithstanding the foregoing, if subsequent guidance is issued under Code Section 409A that would impose additional taxes, penalties, or interest to either the Company or the grantee, the Company may administer this Agreement in accordance with such guidance and amend this Agreement without the Consent of the Grantee to the extent such actions, in the reasonable judgment of the Company, are considered necessary to avoid the imposition of such additional taxes, penalties, or interest.

Section 13. Governing Law. This Agreement shall be construed and enforced in accordance with the laws of the State of Indiana, without giving effect to the choice of law principles thereof.

Section 14. Government Regulations. Notwithstanding anything contained herein to the contrary, the Company's obligation to issue or deliver certificates evidencing the Restricted Stock Units shall be subject to all applicable laws, rules and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

Section 15. Entire Agreement; Code Section 409A Compliance. This Agreement and the Plan contain the terms and conditions with respect to the subject matter hereof and supersede any previous agreements, written or oral, relating to the subject matter hereof, including the 2014 Performance Share Agreement. This Agreement is pursuant to the terms of the Company's 2010 Omnibus Incentive Plan (the "Plan"). The Grantee acknowledges that the Restricted Stock Units awarded under this Agreement satisfies any obligation of the Company to provide any additional Restricted Stock Units or other Awards under the Plan and the 2014 Performance Share Agreement as a result of the previously described spin-off of CPG. The applicable terms of the Plan are incorporated herein by reference, including the definition of capitalized terms contained in the Plan, and including the Code Section 409A provisions of Section XIX of the Plan. This Agreement shall be interpreted in accordance with Code Section 409A. This Agreement shall be deemed to be modified to the maximum extent necessary to be in compliance with Code Section 409A's rules. If the Grantee is unexpectedly required to include in the Grantee's current year's income any amount of compensation relating to the Restricted Stock Units because of a failure to meet the requirements of Code Section 409A, then to the extent permitted by Code Section 409A, the Grantee may receive a distribution of cash or Shares in an amount not to exceed the amount required to be included in income as a result of the failure to comply with Code Section 409A.

Section 16. Successors. All obligations of the Company under this Agreement shall be binding on any successor to the Company.

IN WITNESS WHEREOF , the Company has caused this Award to be granted, and the Grantee has accepted this Award, as of the date first above written.

NiSource Inc.

By: _____

Its: _____

Grantee

By: _____

**NiSource Inc.
2010 Omnibus Incentive Plan**

**Restricted Stock Unit Award Agreement Amendment
Relating to Vested but Unpaid NiSource Restricted Stock Units
for Nonemployee Directors of NiSource Inc.**

This Restricted Stock Unit Award Agreement Amendment (the “Agreement”) is made and entered into as of July 13, 2015, by and between NiSource Inc., a Delaware corporation (the “Company”), and _____, a Nonemployee Director of the Company (the “Grantee”).

Background

A. The Company previously granted to the Grantee Awards of Restricted Stock Units (“RSUs”) in accordance with the terms and conditions of restricted stock unit agreements under the NiSource Nonemployee Director Stock Incentive Plan and the NiSource Inc. 2010 Omnibus Incentive Plan (the “Prior NiSource RSU Agreements”).

B. Under the Prior NiSource RSU Agreements, many of the RSUs are fully vested but will not become payable until a future date (the “Vested NiSource RSUs”).

C. On July 1, 2015, NiSource implemented the spin-off of its pipeline and transmission business, comprised of Columbia Pipeline Group, Inc. (“CPG”) and its affiliates, which made CPG and its affiliates independent and no longer part of the controlled group of corporations of the Company.

D. In connection with the spin-off of CPG and its affiliates, the Company desires to amend the Prior NiSource RSU Agreements to provide the Grantee with a one-time opportunity to elect to invest all or a portion of the Vested NiSource RSUs in alternative investment options and to have such amounts settled in cash at the same time as the Vested NiSource RSUs are settled under the Prior NiSource RSU Agreements.

Agreement

The Company and the Grantee hereby agree to amend each of the Prior NiSource RSU Agreements in the manner described below.

1. The following is added at the end of each of the Prior NiSource RSU Agreements:

Director Investment Election Arrangement. The Grantee may make a one-time election to change the underlying investment of the Grantee’s RSU Account under each Prior NiSource RSU Agreement by executing the Director Investment Election Arrangement form on or after July 13, 2015 and before September 17, 2015. If the Grantee does not complete the Election Form by such date, the Director Investment Election Arrangement as described in this Section will not apply to any Vested NiSource RSUs.

If the Grantee participates in the Director Investment Election Arrangement, the Grantee may elect to invest all or a portion of the Vested NiSource RSUs among the investment options provided to the Grantee and as determined by the Company from time to time in its sole and absolute discretion. The Company may, in its sole discretion, discontinue, substitute, or add investment options after the Grantee makes a one-time election to participate in the Director Investment Election Arrangement. Notwithstanding the foregoing, the investment options under the Director Investment Election Arrangement are to be used for measurement purposes only, and the Grantee’s election of any such investment option, the allocation of any of the Grantee’s Vested NiSource RSUs thereto, the calculation of additional amounts and the crediting or debiting of such amounts to each of the Grantee’s RSU Account under the Prior NiSource RSU Agreements shall not be considered in any manner as an actual investment in any such investment option. The Grantee’s RSU Account under each Prior NiSource RSU Agreement shall continue to be a bookkeeping entry only, and the Grantee shall not have any rights in or to such investments themselves. In addition, if the Grantee elects to participate in the Director Investment

Election Arrangement, each of the Grantee's RSU Accounts shall be distributed in cash at the time of settlement, as provided under the Prior NiSource RSU Agreements.

2. In all other respects, each of the Prior NiSource RSU Agreements shall remain unchanged.

IN WITNESS WHEREOF, the Company has caused this Award to be granted, and the Grantee has accepted this Award, as of the date first above written.

NISOURCE Inc.

By: _____

Its: _____

GRANTEE

By: _____

Columbia Pipeline Group, Inc.
2015 Omnibus Incentive Plan

Restricted Stock Unit Award Agreement
Relating to Vested but Unpaid NiSource Restricted Stock Units
for Nonemployee Directors of Columbia Pipeline Group, Inc.

This Restricted Stock Unit Award Agreement (the "Agreement"), is made and entered into as of July 13, 2015, by and between Columbia Pipeline Group, Inc., a Delaware corporation (the "Company"), and _____, a Nonemployee Director of the Company (the "Grantee").

Section 1. Restricted Stock Unit Award. NiSource Inc. ("NiSource") previously granted to the Grantee Awards of Restricted Stock Units ("RSUs") in accordance with the terms and conditions of restricted stock unit agreements under the NiSource Nonemployee Director Stock Incentive Plan and the NiSource Inc. 2010 Omnibus Incentive Plan (the "Prior NiSource RSU Agreements"). Under the Prior NiSource RSU Agreements, many of the RSUs are fully vested but will not become payable until a future date (the "Vested NiSource RSUs"). On July 1, 2015, NiSource implemented the spin-off of its pipeline and transmission business, comprised of the Company and its affiliates, which made the Company and its affiliates independent and no longer part of the controlled group of corporations of NiSource. To preserve the value of the Vested NiSource RSUs, the Company hereby grants to the Grantee, on the terms and conditions hereinafter set forth, an Award of _____ Restricted Stock Units. The Restricted Stock Units will be represented by a bookkeeping entry (the "RSU Account") of the Company, and each Restricted Stock Unit shall be equivalent to one share of the Company's common stock.

Section 2. Grantee Accounts. The number of whole and fractional RSUs granted pursuant to this Agreement shall be credited to the Grantee's RSU Account. The Grantee shall be credited with additional RSUs pursuant to Article XIV of the Plan to reflect dividend equivalents with respect to the period of time between the Date of Grant and the receipt of payment under the Plan. Such dividend equivalent credits will be equal to the dividends or other distributions declared on any Shares underlying the RSUs. Dividend equivalents will be aggregated and credited to the Grantee's RSU Account in the form of additional RSUs based on the Fair Market Value on the dividend payment date. Each RSU Account shall be maintained on the books of the Company until full payment of the balance thereof has been made to the Grantee (or the Grantee's beneficiaries or estate if the Grantee is deceased) in accordance with Sections 4 and 5 herein. No funds shall be set aside or earmarked for any RSU Account, which shall be purely a bookkeeping device.

Section 3. Vesting and Lapse of Restrictions. The RSUs awarded under this Agreement shall be fully and immediately vested as of July 13, 2015.

Section 4. Payment of RSUs. The Company shall distribute the RSUs to the Grantee under each Award as soon as practicable (but in no event later than 60 days) after the date of the Grantee's termination of Service or such other specified date elected by the Grantee under an applicable Prior NiSource RSU Agreement. The Grantee shall be entitled to receive from the Company a number of Shares with an aggregate Fair Market Value on the date of payment equal to the aggregate Fair Market Value of such vested Restricted Stock Units, including the Restricted Stock Units credited to the Participant's RSU Account as dividend equivalents. Payment to the Grantee shall be made in the form of Columbia Pipeline Group, Inc. common stock for all whole and fractional RSUs.

Section 5. Delivery of Shares. If the Grantee dies before the Company has distributed any portion of the vested Restricted Stock Units, the Company will transfer any Shares payable with respect to the vested Restricted Stock Units in accordance with the Grantee's written beneficiary designation or to the Grantee's estate if no written beneficiary designation is provided.

Section 6. Director Investment Election Arrangement. Notwithstanding anything in this Agreement to the contrary, the Grantee may make a one-time election to change the underlying investment of the Grantee's RSU Account by executing the Director Investment Election Arrangement form on or after July 13, 2015 and before September 17, 2015. If the Grantee does not complete the Election Form by such date, the Director Investment Election Arrangement as described in this Section will not apply to any RSUs.

If the Grantee participates in the Director Investment Election Arrangement, the Grantee may elect to invest the amount credited to the Grantee's RSU Account among the investment options provided to the Grantee and as determined by the Company from time to time in its sole and absolute discretion. The Company may, in its sole discretion, discontinue, substitute, or add investment options after the Grantee makes a one-time election to participate in the Director Investment Election Arrangement. Notwithstanding the foregoing, the investment options under the Director Investment Election Arrangement are to be used for measurement purposes only, and the Grantee's election of any such investment option, the allocation of the Grantee's RSU Account thereto, the calculation of additional amounts and the crediting or debiting of such amounts to the Grantee's RSU Account shall not be considered in any manner as an actual investment of the Grantee's RSU Account in any such investment option. The Grantee's RSU Account shall continue to be a bookkeeping entry only, and the Grantee shall not have any rights in or to such investments themselves. In addition, if the Grantee elects to participate in the Director Investment Election Arrangement, the Grantee's RSU Account shall be distributed in cash at the time of settlement.

Section 7. Securities Law Compliance. The delivery of all or any Shares that relate to the Restricted Stock Units shall only be effective at such time that the issuance of such Shares will not violate any state or federal securities or other laws. The Company is under no obligation to effect any registration of Shares under the Securities Act of 1933 or to effect any state registration or qualification of the Shares that may be issued under this Agreement. The Company may, in its sole discretion, delay the delivery of Shares or place restrictive legends on Shares in order to ensure that the issuance of any Shares will be in compliance with federal or state securities laws and the rules of any exchange upon which the Company's Shares are traded. If the Company delays the delivery of Shares in order to ensure compliance with any state or federal securities or other laws, the Company shall deliver the Shares at the earliest date at which the Company reasonably believes that such delivery will not cause such violation, or at such later date that may be permitted under Code Section 409A.

Section 8. Restriction on Transferability. Except as otherwise provided in the Plan, the Restricted Stock Units granted herein and the rights and privileges conferred hereby may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated (by operation of law or otherwise), other than by will or the laws of descent and distribution. Any attempted transfer in violation of the provisions of this paragraph shall be void, and the purported transferee shall obtain no rights with respect to such Restricted Stock Units.

Section 9. Grantee's Rights Unsecured. The right of the Grantee or his or her beneficiary to receive a distribution hereunder shall be an unsecured claim against the general assets of the Company, and neither the Grantee nor his or her beneficiary shall have any rights in or against any amounts credited to the Grantee's RSU Account or any other specific assets of the Company. All amounts credited to the Grantee's RSU Account shall constitute general assets of the Company and may be disposed of by the Company at such time and for such purposes, as it may deem appropriate.

Section 10. No Rights as Stockholder or Nonemployee Director.

- (a) Unless and until Shares have been issued to the Grantee, the Grantee shall not have any privileges of a stockholder of the Company with respect to any Restricted Stock Units subject to this Agreement; provided, however, that the Grantee shall be entitled to receive dividend equivalent credits equal to the dividends or other distributions declared on any Shares underlying the RSUs in accordance with Section 2.
- (b) Nothing in this Agreement or the Award shall confer upon the Grantee any right to continue as a Nonemployee Director of the Company or any Affiliate or to interfere in any way with the right of the Company or any Affiliate to terminate the Grantee's service at any time.

Section 11. Adjustments. If at any time while the Award is outstanding, the number of outstanding Restricted Stock Units is changed by reason of a reorganization, recapitalization, stock split or any of the other events described in the Plan, the number and kind of Restricted Stock Units shall be adjusted in accordance with the provisions of the Plan. In the event of certain corporate events specified in Article XVI of the Plan, any unvested or undistributed Restricted Stock Units may be replaced by substituted Awards or forfeited in exchange for payment of cash in accordance with the procedures and provisions of Article XVI of the Plan.

Section 12. Notices. Any notice hereunder by the Grantee shall be given to the Company in writing and such notice shall be deemed duly given only upon receipt thereof at the following address: Corporate Secretary, Columbia Pipeline Group, Inc., 5151 San Felipe Street, Suite 2500, Houston, TX 77056, or at such other address as the Company may designate by notice to the Grantee. Any notice hereunder by the Company shall be given to the Grantee in writing and such notice shall be deemed duly given only upon receipt thereof at such address as the Grantee may have on file with the Company.

Section 13. Administration. The administration of this Agreement, including the interpretation and amendment or termination of this Agreement, will be performed in accordance with the Plan. All determinations and decisions made by the Committee, the Board, or any delegate of the Committee as to the provisions of this Agreement shall be conclusive, final, and binding on all persons. This Agreement at all times shall be governed by the Plan and in no way alter or modify the Plan. To the extent a conflict exists between this Agreement and the Plan, the provisions of the Plan shall govern. Notwithstanding the foregoing, if subsequent guidance is issued under Code Section 409A that would impose additional taxes, penalties, or interest to either the Company may administer this Agreement in accordance with such guidance and amend this Agreement without the Consent of the Grantee to the extent such actions, in the reasonable judgment of the Company, are considered necessary to avoid the imposition of such additional taxes, penalties, or interest.

Section 14. Governing Law. This Agreement shall be construed and enforced in accordance with the laws of the State of Texas, without giving effect to the choice of law principles thereof.

Section 15. Government Regulations. Notwithstanding anything contained herein to the contrary, the Company's obligation to issue or deliver certificates evidencing the Restricted Stock Units shall be subject to all applicable laws, rules and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

Section 16. Entire Agreement; Code Section 409A Compliance. This Agreement and the Plan contain the terms and conditions with respect to the subject matter hereof and supersede any previous agreements, written or oral, relating to the subject matter hereof, except that the Prior NiSource RSU Agreements that were previously granted by NiSource to the Grantee with respect to only the vested NiSource RSUs shall continue to remain in full force and effect. This Agreement is pursuant to the terms of the Company's 2015 Omnibus Incentive Plan (the "Plan") and in the event of conflicts between this Agreement and the Plan, the Plan shall govern. The Grantee acknowledges that the Restricted Stock Units awarded under this Agreement satisfies any obligation of the Company or NiSource to provide any additional Restricted Stock Units under the Plan and the Prior NiSource Director Plan RSU Agreement as a result of the previously described spin-off of the Company. The applicable terms of the Plan are incorporated herein by reference, including the definition of capitalized terms contained in the Plan, and including the Code Section 409A provisions of Section XIX of the Plan. This Agreement shall be interpreted in accordance with Code Section 409A. This Agreement shall be deemed to be modified to the maximum extent necessary to be in compliance with Code Section 409A's rules.

If the Grantee is unexpectedly required to include in the Grantee's current year's income any amount of compensation relating to the Restricted Stock Units because of a failure to meet the requirements of Code Section 409A, then to the extent permitted by Code Section 409A, the Grantee may receive a distribution of cash or Shares in an amount not to exceed the amount required to be included in income as a result of the failure to comply with Code Section 409A.

IN WITNESS WHEREOF, the Company has caused this Award to be granted, and the Grantee has accepted this Award, as of the date first above written.

Columbia Pipeline Group, Inc.

By: _____

Its: _____

GRANTEE

By: _____

**Certification Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002**

I, Joseph Hamrock, certify that:

1. I have reviewed this Quarterly Report of NiSource Inc. on Form 10-Q for the quarter ended September 30, 2015 ;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 3, 2015

By:

/s/ Joseph Hamrock

Joseph Hamrock
President and Chief Executive Officer

**Certification Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002**

I, Donald E. Brown, certify that:

1. I have reviewed this Quarterly Report of NiSource Inc. on Form 10-Q for the quarter ended September 30, 2015 ;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 3, 2015

By:

/s/ Donald E. Brown

Donald E. Brown
Executive Vice President and Chief
Financial Officer

**Certification Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report of NiSource Inc. (the "Company") on Form 10-Q for the quarter ending September 30, 2015 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Joseph Hamrock, Chief Executive Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Joseph Hamrock

Joseph Hamrock
President and Chief Executive Officer

Date: November 3, 2015

**Certification Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report of NiSource Inc. (the "Company") on Form 10-Q for the quarter ending September 30, 2015 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Donald E. Brown, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Donald E. Brown

Donald E. Brown
Executive Vice President and Chief Financial Officer

Date: November 3, 2015

NISOURCE INC/DE

FORM 10-Q (Quarterly Report)

Filed 05/03/16 for the Period Ending 03/31/16

Address	801 EAST 86TH AVE MERRILLVILLE, IN 46410-6272
Telephone	2196475200
CIK	0001111711
Symbol	NI
Fiscal Year	12/31

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2016

or

- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 001-16189

NiSource Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

35-2108964

(I.R.S. Employer
Identification No.)

801 East 86th Avenue
Merrillville, Indiana

(Address of principal executive offices)

46410

(Zip Code)

(877) 647-5990

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files.)

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: Common Stock, \$0.01 Par Value: 321,544,481 shares outstanding at April 25, 2016.

NISOURCE INC.
FORM 10-Q QUARTERLY REPORT
FOR THE QUARTER ENDED MARCH 31, 2016

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DEFINED TERMS

The following is a list of frequently used abbreviations or acronyms that are found in this report:

NiSource Subsidiaries, Affiliates and Former Subsidiaries

CGORC	Columbia Gas of Ohio Receivables Corporation
Columbia of Kentucky	Columbia Gas of Kentucky, Inc.
Columbia of Maryland	Columbia Gas of Maryland, Inc.
Columbia of Massachusetts	Bay State Gas Company
Columbia of Ohio	Columbia Gas of Ohio, Inc.
Columbia of Pennsylvania	Columbia Gas of Pennsylvania, Inc.
Columbia of Virginia	Columbia Gas of Virginia, Inc.
CPG	Columbia Pipeline Group, Inc.
CPPL	Columbia Pipeline Partners LP
CPRC	Columbia Gas of Pennsylvania Receivables Corporation
NARC	NIPSCO Accounts Receivable Corporation
NIPSCO	Northern Indiana Public Service Company
NiSource	NiSource Inc.
NiSource Finance	NiSource Finance Corp.

Abbreviations and Other

AFUDC	Allowance for funds used during construction
AOI	Accumulated Other Comprehensive Income (Loss)
ASU	Accounting Standards Update
BNS	Bank of Nova Scotia
BTMU	The Bank of Tokyo-Mitsubishi UFJ, LTD.
CAA	Clean Air Act
CCRs	Coal Combustion Residuals
CERCLA	Comprehensive Environmental Response Compensation and Liability Act (also known as Superfund)
CO ₂	Carbon Dioxide
CPP	Clean Power Plan
DPU	Department of Public Utilities
DSM	Demand Side Management
ECR	Environmental Cost Recovery
ECRM	Environmental Cost Recovery Mechanism
ECT	Environmental Cost Tracker
EERM	Environmental Expense Recovery Mechanism
EGUs	Electric Utility Generating Units
ELG	Effluent limitations guidelines
EPA	United States Environmental Protection Agency
EPS	Earnings per share
FAC	Fuel adjustment clause
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
GAAP	Generally Accepted Accounting Principles
GCR	Gas cost recovery
GHG	Greenhouse gases

DEFINED TERMS (continued)

GSEP	Gas System Enhancement Program
gwh	Gigawatt hours
IDEM	Indiana Department of Environmental Management
IRP	Infrastructure Replacement Program
IURC	Indiana Utility Regulatory Commission
kV	Kilovolt
LDAF	Local Distribution Adjustment Factor
LDCs	Local distribution companies
LIFO	Last-in, first-out
MATS	Mercury and Air Toxics Standards
MGP	Manufactured Gas Plant
MISO	Midcontinent Independent System Operator
Mizuho	Mizuho Corporate Bank Ltd.
MMDth	Million dekatherms
MPSC	Maryland Public Service Commission
NAAQS	National Ambient Air Quality Standards
NOL	Net operating loss
NO _x	Nitric oxide and nitrogen dioxide
NSR	New Source Review
NYMEX	New York Mercantile Exchange
OPEB	Other Postretirement Benefits
OUC	Indiana Office of Utility Consumer Counselor
PNC	PNC Bank, N.A.
Pure Air Separation	Pure Air on the Lake LP The separation of NiSource's natural gas pipeline, midstream and storage business from NiSource's natural gas and electric utility business accomplished through the pro rata distribution by NiSource to holders of its outstanding common stock of all the outstanding shares of common stock of CPG. The Separation was completed on July 1, 2015.
ppb	Parts per billion
PUC	Public Utility Commission
PUCO	Public Utilities Commission of Ohio
RDAF	Revenue Decoupling Adjustment Factor
SEC	Securities and Exchange Commission
TDSIC	Transmission, Distribution and Storage System Improvement Charge
TSA	Transition Services Agreement
TUAs	Transmission Upgrade Agreements
VIE	Variable Interest Entities
VSCC	Virginia State Corporation Commission

PART I**ITEM 1. FINANCIAL STATEMENTS****NiSource Inc.****Condensed Statements of Consolidated Income (unaudited)**

	Three Months Ended March 31,	
	2016	2015
<i>(in millions, except per share amounts)</i>		
Net Revenues		
Gas Distribution	\$ 737.8	\$ 1,080.7
Gas Transportation	301.7	369.2
Electric	392.2	394.7
Other	4.9	7.6
Total Gross Revenues	1,436.6	1,852.2
Cost of Sales (excluding depreciation and amortization)	496.5	848.2
Total Net Revenues	940.1	1,004.0
Operating Expenses		
Operation and maintenance	354.7	409.1
Depreciation and amortization	132.8	125.0
Loss (gain) on sale of assets and impairments, net	(0.1)	0.3
Other taxes	71.3	83.3
Total Operating Expenses	558.7	617.7
Operating Income	381.4	386.3
Other Income (Deductions)		
Interest expense, net	(90.5)	(92.8)
Other, net	0.7	3.5
Total Other Deductions	(89.8)	(89.3)
Income from Continuing Operations before Income Taxes	291.6	297.0
Income Taxes	111.9	104.5
Income from Continuing Operations	179.7	192.5
Income from Discontinued Operations - net of taxes	—	82.8
Net Income	179.7	275.3
Less: Net income attributable to noncontrolling interest	—	6.9
Net Income attributable to NiSource	\$ 179.7	\$ 268.4
Amounts attributable to NiSource:		
Income from continuing operations	\$ 179.7	\$ 192.5
Income from discontinued operations	—	75.9
Net Income attributable to NiSource	\$ 179.7	\$ 268.4
Basic Earnings Per Share		
Continuing operations	\$ 0.56	\$ 0.61
Discontinued operations	—	0.24
Basic Earnings Per Share	\$ 0.56	\$ 0.85
Diluted Earnings Per Share		
Continuing operations	\$ 0.56	\$ 0.61
Discontinued operations	—	0.24
Diluted Earnings Per Share	\$ 0.56	\$ 0.85
Dividends Declared Per Common Share	\$ 0.31	\$ 0.52
Basic Average Common Shares Outstanding	320.3	316.6
Diluted Average Common Shares	322.0	317.4

The accompanying Notes to Condensed Consolidated Financial Statements (unaudited) are an integral part of these statements.



[Table of Contents](#)ITEM 1. FINANCIAL STATEMENTS (continued)**NiSource Inc.****Condensed Statements of Consolidated Comprehensive Income (unaudited)**

<i>(in millions, net of taxes)</i>	Three Months Ended March 31,	
	2016	2015
Net Income	\$ 179.7	\$ 275.3
Other comprehensive income (loss):		
Net unrealized gain on available-for-sale securities ⁽¹⁾	1.7	0.9
Net unrealized gain (loss) on cash flow hedges ⁽²⁾	(70.7)	0.9
Unrecognized pension and OPEB benefit ⁽³⁾	0.3	0.2
Total other comprehensive income (loss)	(68.7)	2.0
Comprehensive Income	\$ 111.0	\$ 277.3
Less: Comprehensive income attributable to noncontrolling interest	—	6.9
Comprehensive Income attributable to NiSource	\$ 111.0	\$ 270.4

⁽¹⁾ Net unrealized gains on available-for-sale securities, net of \$ 0.9 million and \$ 0.5 million tax expense in the first quarter of 2016 and 2015, respectively.

⁽²⁾ Net unrealized gain (loss) on derivatives qualifying as cash flow hedges, net of \$ 43.6 million tax benefit and \$0.4 million tax expense in the first quarter of 2016 and 2015, respectively.

⁽³⁾ Unrecognized pension and OPEB benefit net of \$0.1 million tax expense in the first quarter of 2016 and 2015, respectively.

The accompanying Notes to Condensed Consolidated Financial Statements (unaudited) are an integral part of these statements.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Condensed Consolidated Balance Sheets (unaudited)

<i>(in millions)</i>	March 31, 2016	December 31, 2015
ASSETS		
Property, Plant and Equipment		
Utility plant	\$ 19,206.9	\$ 18,946.9
Accumulated depreciation and amortization	(6,957.3)	(6,853.4)
Net utility plant	12,249.6	12,093.5
Other property, at cost, less accumulated depreciation	17.6	18.0
Net Property, Plant and Equipment	12,267.2	12,111.5
Investments and Other Assets		
Unconsolidated affiliates	6.7	6.9
Other investments	194.8	187.7
Total Investments and Other Assets	201.5	194.6
Current Assets		
Cash and cash equivalents	23.7	15.5
Restricted cash	19.4	29.7
Accounts receivable (less reserve of \$32.5 and \$20.3, respectively)	647.9	660.0
Gas inventory	112.8	343.5
Materials and supplies, at average cost	94.8	86.8
Electric production fuel, at average cost	110.8	106.3
Exchange gas receivable	26.4	21.0
Regulatory assets	226.1	206.9
Prepayments and other	133.5	107.5
Total Current Assets	1,395.4	1,577.2
Other Assets		
Regulatory assets	1,600.7	1,599.8
Goodwill	1,690.7	1,690.7
Intangible assets	250.9	253.7
Deferred charges and other	65.0	65.0
Total Other Assets	3,607.3	3,609.2
Total Assets	\$ 17,471.4	\$ 17,492.5

The accompanying Notes to Condensed Consolidated Financial Statements (unaudited) are an integral part of these statements.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Condensed Consolidated Balance Sheets (unaudited) (continued)

<i>(in millions, except share amounts)</i>	March 31, 2016	December 31, 2015
CAPITALIZATION AND LIABILITIES		
Capitalization		
Common Stockholders' Equity		
Common stock - \$0.01 par value, 400,000,000 shares authorized; 321,360,285 and 319,110,083 shares outstanding, respectively	\$ 3.2	\$ 3.2
Additional paid-in capital	5,102.5	5,078.0
Retained deficit	(1,042.9)	(1,123.3)
Accumulated other comprehensive loss	(103.8)	(35.1)
Treasury stock	(86.7)	(79.3)
Total Common Stockholders' Equity	3,872.3	3,843.5
Long-term debt, excluding amounts due within one year	5,905.5	5,948.5
Total Capitalization	9,777.8	9,792.0
Current Liabilities		
Current portion of long-term debt	263.8	433.7
Short-term borrowings	845.3	567.4
Accounts payable	392.7	433.4
Dividends payable	49.7	—
Customer deposits and credits	212.8	316.3
Taxes accrued	203.1	183.5
Interest accrued	72.2	129.0
Exchange gas payable	25.8	62.3
Deferred revenue	5.5	6.6
Regulatory liabilities	176.8	231.4
Accrued liability for postretirement and postemployment benefits	4.9	4.9
Legal and environmental	37.4	37.6
Accrued compensation and employee benefits	102.8	136.4
Other accruals	103.1	115.0
Total Current Liabilities	2,495.9	2,657.5
Other Liabilities and Deferred Credits		
Risk management liabilities	135.4	22.6
Deferred income taxes	2,426.9	2,365.3
Deferred investment tax credits	14.4	14.8
Deferred credits	91.2	90.7
Accrued liability for postretirement and postemployment benefits	754.1	759.7
Regulatory liabilities	1,334.2	1,350.4
Asset retirement obligations	253.1	254.0
Other noncurrent liabilities	188.4	185.5
Total Other Liabilities and Deferred Credits	5,197.7	5,043.0
Commitments and Contingencies (Refer to Note 18, "Other Commitments and Contingencies")	—	—
Total Capitalization and Liabilities	\$ 17,471.4	\$ 17,492.5

The accompanying Notes to Condensed Consolidated Financial Statements (unaudited) are an integral part of these statements.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Condensed Statements of Consolidated Cash Flows (unaudited)

Three Months Ended March 31, <i>(in millions)</i>	2016	2015
Operating Activities		
Net Income	\$ 179.7	\$ 275.3
Adjustments to Reconcile Net Income to Net Cash from Continuing Operations:		
Depreciation and amortization	132.8	125.0
Deferred income taxes and investment tax credits	102.0	89.9
Stock compensation expense and 401(k) profit sharing contribution	10.9	17.3
Income from discontinued operations - net of taxes	—	(82.8)
Amortization of discount/premium on debt	1.9	2.5
AFUDC equity	(2.4)	(2.6)
Other adjustments	(0.4)	0.6
Changes in Assets and Liabilities:		
Accounts receivable	11.2	(106.0)
Income tax receivable	0.9	(0.3)
Inventories	218.3	296.5
Accounts payable	(35.2)	(66.1)
Customer deposits and credits	(103.6)	(122.2)
Taxes accrued	25.6	29.2
Interest accrued	(56.8)	(59.3)
Exchange gas receivable/payable	(42.0)	(84.2)
Other accruals	(29.6)	(49.6)
Prepayments and other current assets	(26.7)	(22.3)
Regulatory assets/liabilities	(81.3)	208.6
Postretirement and postemployment benefits	(5.3)	(13.9)
Deferred credits	0.5	4.4
Deferred charges and other noncurrent assets	0.2	5.4
Other noncurrent liabilities	2.5	2.8
Net Operating Activities from Continuing Operations	303.2	448.2
Net Operating Activities from (used for) Discontinued Operations	(0.3)	156.2
Net Cash Flows from Operating Activities	302.9	604.4
Investing Activities		
Capital expenditures	(301.0)	(243.5)
Cash contributions from CPG	—	500.0
Proceeds from disposition of assets	1.0	1.5
Restricted cash withdrawals	10.3	3.3
Other investing activities	(25.6)	4.8
Net Investing Activities from (used for) Continuing Operations	(315.3)	266.1
Net Investing Activities used for Discontinued Operations	—	(154.9)
Net Cash Flows from (used for) Investing Activities	(315.3)	111.2
Financing Activities		
Repayments of long-term debt and capital lease obligations	(204.3)	(8.0)
Premiums and other debt related costs	(0.3)	—
Change in short-term borrowings, net	277.9	(1,262.9)
Issuance of common stock	4.3	5.9
Acquisition of treasury stock	(7.4)	(20.0)
Dividends paid - common stock	(49.6)	(82.2)
Net Financing Activities from (used for) Continuing Operations	20.6	(1,367.2)
Net Financing Activities from Discontinued Operations	—	668.4

Net Cash Flows from (used for) Financing Activities	20.6	(698.8)
Change in cash and cash equivalents from continuing operations	8.5	(652.9)
Change in cash and cash equivalents from (used for) discontinued operations	(0.3)	669.7
Change in cash included in discontinued operations	—	(6.8)
Cash and cash equivalents at beginning of period	15.5	24.9
Cash and Cash Equivalents at End of Period	\$ 23.7	\$ 34.9

The accompanying Notes to Condensed Consolidated Financial Statements (unaudited) are an integral part of these statements.

[Table of Contents](#)ITEM 1. FINANCIAL STATEMENTS (continued)**NiSource Inc.****Condensed Statement of Consolidated Equity (unaudited)**

<i>(in millions)</i>	Common Stock	Treasury Stock	Additional Paid-In Capital	Retained Deficit	Accumulated Other Comprehensive Loss	Total
Balance as of January 1, 2016	\$ 3.2	\$ (79.3)	\$ 5,078.0	\$ (1,123.3)	\$ (35.1)	\$ 3,843.5
Comprehensive Income:						
Net Income	—	—	—	179.7	—	179.7
Other comprehensive loss, net of tax	—	—	—	—	(68.7)	(68.7)
Common stock dividends (\$0.31 per share)	—	—	—	(99.3)	—	(99.3)
Treasury stock acquired	—	(7.4)	—	—	—	(7.4)
Issued:						
Employee stock purchase plan	—	—	1.0	—	—	1.0
Long-term incentive plan	—	—	10.3	—	—	10.3
401(k) and profit sharing issuance	—	—	11.9	—	—	11.9
Dividend reinvestment plan	—	—	1.3	—	—	1.3
Balance as of March 31, 2016	\$ 3.2	\$ (86.7)	\$ 5,102.5	\$ (1,042.9)	\$ (103.8)	\$ 3,872.3

The accompanying Notes to Condensed Consolidated Financial Statements (unaudited) are an integral part of these statements.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited)

1. Basis of Accounting Presentation

The accompanying Condensed Consolidated Financial Statements (unaudited) for NiSource Inc. ("NiSource" or the "Company") reflect all normal recurring adjustments that are necessary, in the opinion of management, to present fairly the results of operations in accordance with GAAP in the United States of America. The accompanying financial statements contain the accounts of the Company and its majority-owned or controlled subsidiaries. The results of operations of the former Columbia Pipeline Group Operations segment have been classified as discontinued operations for all periods presented. See Note 5, "Discontinued Operations," for further information.

Unless otherwise indicated, the information in the Notes to the Condensed Consolidated Financial Statements (unaudited) relates to NiSource's continuing operations.

The accompanying financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in NiSource's Annual Report on Form 10-K for the fiscal year ended December 31, 2015. Income for interim periods may not be indicative of results for the calendar year due to weather variations and other factors.

The Condensed Consolidated Financial Statements (unaudited) have been prepared pursuant to the rules and regulations of the SEC. Certain information and note disclosures normally included in annual financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to those rules and regulations, although NiSource believes that the disclosures made in this quarterly report on Form 10-Q are adequate to make the information herein not misleading.

2. Recent Accounting Pronouncements

In March 2016, the FASB issued ASU 2016-09, *Compensation-Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting*. Among other provisions, the standard requires that all income tax effects of awards are recognized in the income statement when the awards vest or are settled and also allows an employer to make a policy election to account for forfeitures as they occur. NiSource is required to adopt ASU 2016-09 for periods beginning after December 15, 2016, including interim periods, with early adoption permitted if all of the amendments are adopted in the same period. Each amendment has varying transition requirements. NiSource is currently evaluating the impact the adoption of ASU 2016-09 will have on the Condensed Consolidated Financial Statements (unaudited) or Notes to Condensed Consolidated Financial Statements (unaudited).

In March 2016, the FASB issued ASU 2016-08, *Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations*. ASU 2016-08 clarifies the principal versus agent guidance in ASU 2014-09, the new revenue recognition standard. The amendment clarifies how an entity should identify the unit of accounting for the principal versus agent evaluation and how it should apply the control principle to certain types of arrangements. The amendment also re-frames the indicators to focus on evidence that an entity is acting as a principal rather than an agent. ASU 2016-08 has the same effective date and transition requirements as ASU 2015-14. NiSource is currently evaluating the impact the adoption of ASU 2016-08 will have on the Condensed Consolidated Financial Statements (unaudited) or Notes to Condensed Consolidated Financial Statements (unaudited).

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. ASU 2016-02 introduces a lessee model that brings most leases on the balance sheet. The standard requires that lessees recognize the following for all leases (with the exception of short-term leases, as that term is defined in the standard) at the lease commencement date: (1) a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and (2) a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. NiSource is required to adopt ASU 2016-02 for periods beginning after December 15, 2018, including interim periods, and the guidance is to be applied with a modified retrospective approach, with early adoption permitted. NiSource is currently evaluating the impact the adoption of ASU 2016-02 will have on the Condensed Consolidated Financial Statements (unaudited) or Notes to Condensed Consolidated Financial Statements (unaudited).

[Table of Contents](#)ITEM 1. FINANCIAL STATEMENTS (continued)**NiSource Inc.****Notes to Condensed Consolidated Financial Statements (unaudited) (continued)****3. Earnings Per Share**

Basic EPS is computed by dividing net income attributable to NiSource by the weighted-average number of shares of common stock outstanding for the period. The weighted-average shares outstanding for diluted EPS includes the incremental effects of the various long-term incentive compensation plans. The numerator in calculating both basic and diluted EPS for each period is reported net income attributable to NiSource. The computation of diluted average common shares is as follows:

<i>(in thousands)</i>	Three Months Ended March 31,	
	2016	2015
Denominator		
Basic average common shares outstanding	320,281	316,587
Dilutive potential common shares:		
Shares contingently issuable under employee stock plans	36	335
Shares restricted under stock plans	1,703	468
Diluted Average Common Shares	322,020	317,390

4. Gas in Storage

Both the LIFO inventory methodology and the weighted average cost methodology are used to value natural gas in storage. Gas Distribution Operations price natural gas storage injections at the average of the costs of natural gas supply purchased during the year. For interim periods, the difference between current projected replacement cost and the LIFO cost for quantities of gas temporarily withdrawn from storage is recorded as a temporary LIFO liquidation credit or debit within the Condensed Consolidated Balance Sheets (unaudited). Due to seasonality requirements, NiSource expects interim variances in LIFO layers to be replenished by year-end. NiSource had a temporary LIFO liquidation debit of \$29.3 million and zero as of March 31, 2016 and December 31, 2015, respectively, for certain gas distribution companies recorded within "Prepayments and other," on the Condensed Consolidated Balance Sheets (unaudited).

5. Discontinued Operations

On July 1, 2015, NiSource completed the Separation through a special pro rata stock dividend, distributing one share of CPG common stock for every one share of NiSource common stock held by any NiSource stockholder on June 19, 2015, the record date. The Separation resulted in two stand-alone energy infrastructure companies: NiSource, a fully regulated natural gas and electric utilities company, and CPG, a natural gas pipeline, midstream and storage company. As a stand-alone company, on the date of the Separation, CPG's operations consisted of NiSource's Columbia Pipeline Group Operations segment prior to the Separation. Following the Separation, NiSource retained no ownership interest in CPG. On the date of the Separation, CPG consisted of approximately \$9.2 billion of assets, \$5.6 billion of liabilities and \$3.6 billion of equity.

The results of operations and cash flows for the former Columbia Pipeline Group Operations segment have been reported as discontinued operations for all periods presented.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

There were no material results from discontinued operations for the three months ended March 31, 2016. Results from discontinued operations for the three months ended March 31, 2015 are included in the table below. These results are primarily from NiSource's former Columbia Pipeline Group Operations segment.

<i>(in millions)</i>	Three Months Ended March 31, 2015		
	Columbia Pipeline Group Operations	Corporate and Other	Total
Net Revenues			
Transportation and storage revenues	\$ 301.1	\$ —	\$ 301.1
Other revenues	38.7	—	38.7
Total Sales Revenues	339.8	—	339.8
Less: Cost of sales (excluding depreciation and amortization)	0.1	—	0.1
Net Revenues	339.7	—	339.7
Operating Expenses			
Operation and maintenance	165.0 ⁽¹⁾	—	165.0
Depreciation and amortization	32.5	—	32.5
Gain on sale of assets	(5.3)	—	(5.3)
Other taxes	19.2	—	19.2
Total Operating Expenses	211.4	—	211.4
Equity Earnings in Unconsolidated Affiliates	15.4	—	15.4
Operating Income from Discontinued Operations	143.7	—	143.7
Other Income (Deductions)			
Interest expense, net	(18.2)	—	(18.2)
Other, net	3.6	0.1	3.7
Total Other Income (Deductions)	(14.6)	0.1	(14.5)
Income from Discontinued Operations before Income Taxes	129.1	0.1	129.2
Income Taxes	46.4	—	46.4
Income from Discontinued Operations - net of taxes	\$ 82.7	\$ 0.1	\$ 82.8

⁽¹⁾Includes approximately \$20.2 million of transaction costs related to the Separation.

CPG's financing requirements prior to the private placement of senior notes on May 22, 2015 were satisfied through borrowings from NiSource Finance. Interest expense from discontinued operations primarily represents net interest charged to CPG from NiSource Finance, less AFUDC.

Continuing Involvement

Natural gas transportation and storage services provided to NiSource by CPG were \$43.6 million and \$42.2 million for the three months ended March 31, 2016 and 2015, respectively. Prior to July 1, 2015, these costs were eliminated in consolidation. Beginning July 1, 2015, these costs and associated cash flows represent third-party transactions with CPG and are not eliminated in consolidation, as such services have continued subsequent to the Separation and are expected to continue for the foreseeable future.

As a result of the Separation, NiSource and CPG entered into Transition Services Agreements (TSAs). NiSource expects the TSAs to terminate within 24 months from the date of the Separation. The TSAs set forth the terms and conditions for NiSource and CPG to provide certain transition services to one another. Under the TSAs, NiSource will provide CPG certain information technology, financial and accounting, human resource and other specified services. For the three months ended March 31, 2016, the amounts NiSource billed CPG for these services were immaterial.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

There were there were no material assets and liabilities of discontinued operations on the Condensed Consolidated Balance Sheets (unaudited) as of March 31, 2016 and December 31, 2015.

6. Asset Retirement Obligations

Changes in NiSource's liability for asset retirement obligations for the three months ended March 31, 2016 and 2015 are presented in the table below:

<i>(in millions)</i>		2016		2015
Balance as of January 1,	\$	254.0	\$	136.2
Accretion recorded as a regulatory asset/liability		2.2		1.9
Settlements		(0.4)		(0.7)
Change in estimated cash flows		(2.7)		—
Balance as of March 31,	\$	253.1	\$	137.4

7. Regulatory Matters

Gas Distribution Operations Regulatory Matters

Significant Rate Developments . On April 30, 2013, Indiana Governor Pence signed Senate Enrolled Act 560, the TDSIC statute, into law. Among other provisions, this legislation provides for cost recovery outside of a base rate proceeding for new or replacement electric and gas transmission, distribution, and storage projects that a public utility undertakes for the purposes of safety, reliability, system modernization, or economic development. Provisions of the TDSIC statute require that, among other things, requests for recovery include a seven-year plan of eligible investments. Once the plan is approved by the IURC, 80 percent of eligible costs can be recovered using a periodic rate adjustment mechanism. The cost recovery mechanism is referred to as a TDSIC mechanism. Recoverable costs include a return on, and of, the investment, including AFUDC, post-in-service carrying charges, operation and maintenance expenses, depreciation and property taxes. The remaining 20 percent of recoverable costs are to be deferred for future recovery in the public utility's next general rate case. The periodic rate adjustment mechanism is capped at an annual increase of no more than two percent of total retail revenues. On August 31, 2015, NIPSCO filed TDSIC-3 which included an updated seven-year plan of approximately \$800 million with the IURC. On March 30, 2016, the IURC issued an order on TDSIC-3 approving NIPSCO's updated seven year plan in all material respects.

On March 18, 2016, Columbia of Pennsylvania filed a base rate case with the Pennsylvania PUC, seeking a revenue increase of \$55.3 million annually. The case was driven by Columbia of Pennsylvania's ongoing capital investment program which exceeded \$197.0 million in 2015, and is projected to exceed \$220.0 million in 2016 and \$265.0 million in 2017. This case was also driven by operation and maintenance expenditures related to employee training and compliance with pipeline safety regulations. Columbia of Pennsylvania's request for rate relief included the recovery of costs that will be incurred after the implementation of new rates, as authorized by the Pennsylvania General Assembly with the passage of Act 11 of 2012. A decision is expected in the fourth quarter of 2016 with new rates to be implemented in December 2016.

On April 15, 2016, Columbia of Maryland filed a base rate case with the MPSC, seeking an annual revenue increase of \$6.5 million . The case was driven by Columbia of Maryland's ongoing capital investment program and by operations and maintenance expenditures related to compliance with pipeline safety regulations. A decision is expected in the fourth quarter of 2016 with new rates to be implemented in October 2016.

On April 29, 2016, Columbia of Virginia filed a request with the VSCC, seeking an annual revenue increase of \$37.0 million . The case is driven by Columbia of Virginia's ongoing capital program to modernize its infrastructure and to expand and upgrade its facilities to meet customer growth, as well as expenditures related to employee training and compliance with pipeline safety regulations. A VSCC decision is expected in early 2017. Rates are scheduled to become effective, subject to refund, on October 1, 2016.

On April 27, 2016 Columbia of Kentucky filed a notice of intent with the Kentucky PSC stating its intent to file a rate case using a fully-forecasted test period. The rate case will be filed no sooner than 30 days from the date of the notice.

Cost Recovery and Trackers . Comparability of Gas Distribution Operations line item operating results is impacted by regulatory trackers that allow for the recovery in rates of certain costs such as those described below. Increases in the expenses that are the

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

subject of trackers, result in a corresponding increase in net revenues and therefore have essentially no impact on total operating income results.

A significant portion of the distribution companies' revenue is related to the recovery of gas costs, the review and recovery of which occurs via standard regulatory proceedings. All states require periodic review of actual gas procurement activity to determine prudence and to permit the recovery of prudently incurred costs related to the supply of gas for customers. NiSource distribution companies have historically been found prudent in the procurement of gas supplies to serve customers.

Certain operating costs of the NiSource distribution companies are significant, recurring in nature, and generally outside the control of the distribution companies. Some states allow the recovery of such costs via cost tracking mechanisms. Such tracking mechanisms allow for abbreviated regulatory proceedings in order for the distribution companies to implement charges and recover appropriate costs. Tracking mechanisms allow for more timely recovery of such costs as compared with more traditional cost recovery mechanisms. Examples of such mechanisms include GCR adjustment mechanisms, tax riders, and bad debt recovery mechanisms.

Certain of the NiSource distribution companies have completed rate proceedings involving infrastructure replacement or are embarking upon regulatory initiatives to replace significant portions of their operating systems that are nearing the end of their useful lives. Each LDC's approach to cost recovery may be unique, given the different laws, regulations and precedent that exist in each jurisdiction.

As further discussed above in this Note 7 under the heading "Significant Rate Developments," on March 30, 2016, the IURC issued an order on TDSIC-3. The order allows NIPSCO to begin earning a return on \$74.1 million of net capital expenditures for the twelve months ended June 30, 2015. NIPSCO filed its latest semi-annual tracker update on February 29, 2016, and the request remains pending with the IURC.

On November 28, 2012, the PUCO approved Columbia of Ohio's application to extend its IRP for an additional five years, allowing Columbia of Ohio to continue to invest and recover on its accelerated main replacements. Columbia of Ohio filed its application to adjust rates associated with its IRP and DSM Riders on February 26, 2016, which requested authority to increase revenues by \$25.9 million. On March 24, 2016, PUCO staff filed comments recommending that the PUCO approve Columbia of Ohio's application. On April 20, 2016, the PUCO issued an order approving Columbia of Ohio's application with rates going into effect April 30, 2016.

On September 12, 2014, Columbia of Ohio filed an application that seeks authority to establish a regulatory asset and defer the expenditures to be incurred in implementing Columbia of Ohio's Pipeline Safety Program. Columbia of Ohio requested authority to defer Pipeline Safety Program costs of up to \$15.0 million annually. By order dated December 17, 2014, the PUCO approved Columbia of Ohio's application, approving a deferral of up to \$15.0 million annually. On March 11, 2016, Columbia of Ohio filed an application to increase the annual deferral authority from \$15.0 million to \$25.0 million. An order is expected before the end of 2016.

On July 7, 2014, the Governor of Massachusetts signed into law Chapter 149 of the Acts of 2014, An Act Relative to Natural Gas Leaks ("the Act"). The Act authorizes natural gas distribution companies to file gas infrastructure replacement plans with the Massachusetts DPU to address the replacement of aging natural gas pipeline infrastructure. In addition, the Act provides that the Massachusetts DPU may, after review of the plans, allow the proposed estimated costs of the plan into rates as of May 1 of the subsequent year. Pursuant to the Act, Columbia of Massachusetts filed its first GSEP plan on October 31, 2014, for the 2015 construction year ("2015 GSEP") proposing to recover \$2.6 million. After review, the Massachusetts DPU approved the Columbia of Massachusetts's 2015 GSEP for effect May 1, 2015 and, in accordance with the Act, Columbia of Massachusetts filed the reconciliation of the 2015 GSEP on April 29, 2016. On October 30, 2015, Columbia of Massachusetts filed its GSEP for the 2016 construction year ("2016 GSEP"). Columbia of Massachusetts proposed to recover an increment of \$6.4 million for the costs associated with the replacement of eligible leak-prone infrastructure during the 2016 construction year for a cumulative proposed revenue requirement recovery of \$9.0 million. Columbia of Massachusetts subsequently revised the cumulative proposed revenue requirement recovery to \$8.2 million. The Massachusetts DPU approved the 2016 GSEP filing on April 29, 2016. New rates went into effect May 1, 2016.

On October 30, 2009, the Massachusetts DPU approved Columbia of Massachusetts's revenue decoupling mechanism that was filed in its base rate case. This allows Columbia of Massachusetts to apply annual adjustments to its peak and off-peak rates. On March 16, 2016, Columbia of Massachusetts filed its 2016 off-peak period RDAF in the amount of \$3.4 million. On April 28, 2016, the Massachusetts DPU approved the rate for effect May 1, 2016.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

Columbia of Massachusetts's LDAF allows for the recovery of costs related to pension and other postretirement expense, low income programs, environmental remediation programs, Attorney General expert witness costs and energy efficiency programs. This allows Columbia of Massachusetts to file semi-annually to recover the cost in peak and off-peak rates. On January 29, 2016, Columbia of Massachusetts filed its 2016 off-peak period LDAF reflecting an annual recovery amount of approximately \$42.0 million . On April 29, 2016, the Massachusetts DPU approved the rate for effect May 1, 2016.

Electric Operations Regulatory Matters

Significant Rate Developments . On December 31, 2015, NIPSCO filed a new electric TDSIC seven-year plan of eligible investments for a total of approximately \$1.3 billion covering spend in years 2016 through 2022. On March 24, 2016, a stipulation and settlement agreement was filed with the IURC which, among other things, seeks approval of a seven-year plan that includes a total \$1.25 billion of investments eligible for ratemaking treatment. A final order is anticipated in the third quarter of 2016. NIPSCO expects to make a TDSIC rate adjustment mechanism filing in 2016 to seek recovery and ratemaking relief of such investments.

On October 1, 2015, NIPSCO filed an electric base rate case with the IURC, seeking a revenue increase of approximately \$148.0 million , including certain riders, or approximately \$126.6 million , before certain riders. As part of this filing, NIPSCO is proposing to update base rates for previously incurred infrastructure improvements, revised depreciation rates and the inclusion of previously approved environmental and federally mandated compliance costs. On February 19, 2016, a stipulation and settlement agreement was filed with the IURC seeking a revenue increase of \$72.5 million , before certain riders. A final order is anticipated in the third quarter of 2016.

Cost Recovery and Trackers . A significant portion of NIPSCO's revenue is related to the recovery of fuel costs to generate power and the fuel costs related to purchased power. These costs are recovered through an FAC, a quarterly, regulatory proceeding in Indiana.

Certain operating costs of the Electric Operations are significant, recurring in nature, and generally outside the control of NIPSCO. The IURC allows for recovery of such costs via cost tracking mechanisms. Such tracking mechanisms allow for abbreviated regulatory proceedings in order for NIPSCO to implement charges and recover appropriate costs. Tracking mechanisms allow for more timely recovery of such costs as compared with more traditional cost recovery mechanisms. Examples of such mechanisms include electric energy efficiency programs, MISO non-fuel costs and revenues, resource capacity charges, and environmental related costs.

NIPSCO has approval from the IURC to recover certain environmental related costs through an ECT. Under the ECT, NIPSCO is permitted to recover (1) AFUDC and a return on the capital investment expended by NIPSCO to implement environmental compliance plan projects through an ECRM and (2) related operation and maintenance and depreciation expenses once the environmental facilities become operational through an EERM.

On April 20, 2016, the IURC issued an order on ECR-27 approving NIPSCO's request to begin earning a return on \$800.7 million of net capital expenditures for the period ended December 31, 2015.

As a result of the electric TDSIC IURC Order on Remand that became a final order as of January 16, 2016, NIPSCO was authorized to defer, as a regulatory asset, 100% of all TDSIC costs incurred since March 1, 2014 in connection with its 2014 and 2015 eligible TDSIC investments, until such deferral is recovered as part of a general rate case. Deferrals under this order were immaterial as of March 31, 2016. In the third quarter of 2016, upon receiving an order in NIPSCO's current electric base rate case which includes TDSIC costs through June 30, 2015, NIPSCO expects to defer additional TDSIC costs associated with the remaining 2014 and 2015 eligible TDSIC investments for a future electric base rate case.

8. Risk Management Activities

NiSource recognizes that the prudent and selective use of derivatives may help to lower its cost of debt capital and manage its interest rate exposure. In 2015, NiSource Finance entered into forward-starting interest rate swap agreements with an aggregate notional value of \$1.0 billion to hedge the variability in cash flows attributable to changes in the benchmark interest rate during the periods from the effective dates of the swaps to the anticipated dates of forecasted debt issuances which extend into 2018 . These interest rate swaps are designated as cash flow hedges.

[Table of Contents](#)ITEM 1. FINANCIAL STATEMENTS (continued)**NiSource Inc.****Notes to Condensed Consolidated Financial Statements (unaudited) (continued)**

The effective portions of the gains and losses related to these swaps are recorded to AOCI and are recognized in earnings concurrent with the recognition of interest expense on the associated debt, once issued. If it became probable that a hedged forecasted transaction was no longer going to occur, the accumulated gains or losses on the derivative would be recognized currently in earnings. Earnings could also be impacted if the anticipated dates of forecasted debt issuances change from the dates originally contemplated at inception of the hedging relationships.

Realized gains and losses from NiSource's interest rate cash flow hedges are presented in "Interest expense, net" on the Condensed Consolidated Statements of Income (unaudited). Derivative assets and liabilities on NiSource's interest rate cash flow hedges are presented as "Risk management assets" and "Risk management liabilities," respectively, on the Condensed Consolidated Balance Sheets (unaudited).

NiSource had \$132.5 million and \$17.4 million of derivative liabilities related to these cash flow hedges as of March 31, 2016 and December 31, 2015, respectively.

There was no income statement recognition of gains or losses relating to an ineffective portion of these hedges, nor were there amounts excluded from effectiveness testing for derivatives in cash flow hedging relationships for the three months ended March 31, 2016 and 2015.

NiSource does not expect to settle any cash flow hedges in the next twelve months and no cash flow hedge contracts are set to expire in the next twelve months.

NiSource's derivative instruments measured at fair value as of March 31, 2016 and December 31, 2015 do not contain any credit-risk-related contingent features.

9. Fair Value**A. Fair Value Measurements**

Recurring Fair Value Measurements. The following tables present financial assets and liabilities measured and recorded at fair value on NiSource's Condensed Consolidated Balance Sheets (unaudited) on a recurring basis and their level within the fair value hierarchy as of March 31, 2016 and December 31, 2015 :

Recurring Fair Value Measurements March 31, 2016 <i>(in millions)</i>	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of March 31, 2016
Assets				
Risk management assets	\$ 0.4	\$ —	\$ 0.8	\$ 1.2
Available-for-sale securities	—	136.0	—	136.0
Total	\$ 0.4	\$ 136.0	\$ 0.8	\$ 137.2
Liabilities				
Risk management liabilities ⁽¹⁾	\$ 9.8	\$ 132.5	\$ —	\$ 142.3
Total	\$ 9.8	\$ 132.5	\$ —	\$ 142.3

⁽¹⁾Includes \$6.9 million of current risk management liabilities which are included in "Other accruals" on the Condensed Consolidated Balance Sheets (unaudited).

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

Recurring Fair Value Measurements December 31, 2015 (in millions)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of December 31, 2015
Assets				
Risk management assets	\$ 0.1	\$ —	\$ —	\$ 0.1
Available-for-sale securities	—	128.7	—	128.7
Total	\$ 0.1	\$ 128.7	\$ —	\$ 128.8
Liabilities				
Risk management liabilities ⁽¹⁾	\$ 14.3	\$ 17.4	\$ 0.2	\$ 31.9
Total	\$ 14.3	\$ 17.4	\$ 0.2	\$ 31.9

⁽¹⁾Includes \$9.3 million of current risk management liabilities which are included in "Other accruals" on the Condensed Consolidated Balance Sheets (unaudited).

Risk management assets and liabilities include interest rate swaps and an immaterial amount of NYMEX futures and NYMEX options which are commodity exchange-traded and non-exchange-based derivative contracts. Exchange-traded derivative contracts are based on unadjusted quoted prices in active markets and are classified within Level 1. These financial assets and liabilities are secured with cash on deposit with the exchange; therefore nonperformance risk has not been incorporated into these valuations. Certain non-exchange-traded derivatives are valued using broker or over-the-counter, on-line exchanges. In such cases, these non-exchange-traded derivatives are classified within Level 2. Non-exchange-based derivative instruments include swaps, forwards, and options. In certain instances, these instruments may utilize models to measure fair value. NiSource uses a similar model to value similar instruments. Valuation models utilize various inputs that include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, other observable inputs for the asset or liability, and market-corroborated inputs, (i.e., inputs derived principally from or corroborated by observable market data by correlation or other means). Where observable inputs are available for substantially the full term of the asset or liability, the instrument is categorized in Level 2. Certain derivatives trade in less active markets with a lower availability of pricing information and models may be utilized in the valuation. When such inputs have a significant impact on the measurement of fair value, the instrument is categorized in Level 3. Credit risk is considered in the fair value calculation of derivative instruments that are not exchange-traded. Credit exposures are adjusted to reflect collateral agreements which reduce exposures. As of March 31, 2016 and December 31, 2015, there were no material transfers between fair value hierarchies. Additionally, there were no changes in the method or significant assumptions used to estimate the fair value of NiSource's financial instruments.

In December 2015, NiSource Finance entered into forward-starting interest rate swaps to hedge the interest rate risk on coupon payments arising from \$1.0 billion of forecasted issuances of long-term debt expected to take place by 2018. These swaps are designated as cash flow hedges. In-the-money contracts are presented as "Risk management assets" while out-of-the-money contracts are presented as "Risk management liabilities" in the Condensed Consolidated Balance Sheets (unaudited). Each period the swap instruments will be measured assuming a hypothetical settlement at that point in time. Upon termination of the swap instruments, NiSource will pay or receive a settlement based on the then current fair value. Credit risk is considered in the fair value calculation of each interest rate swap. As they are based on observable data and valuations of similar instruments, the interest-rate swaps are categorized in Level 2 in the fair value hierarchy. There was no exchange of premium at the initial date of the swaps, and NiSource can settle the swaps at any time. For additional information see Note 8, "Risk Management Activities."

Available-for-sale securities are investments pledged as collateral for trust accounts related to NiSource's wholly-owned insurance company. Available-for-sale securities are included within "Other investments" in the Condensed Consolidated Balance Sheets (unaudited). NiSource values U.S. Treasury, corporate and mortgage-backed securities using a matrix pricing model that incorporates market-based information. These securities trade less frequently and are classified within Level 2. Total unrealized gains and losses from available-for-sale securities are included in other comprehensive income (loss). The amortized cost, gross unrealized gains and losses and fair value of available-for-sale securities at March 31, 2016 and December 31, 2015 were:

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

March 31, 2016 (in millions)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale securities				
U.S. Treasury securities	\$ 38.1	\$ 0.8	\$ —	\$ 38.9
Corporate/Other bonds	96.0	1.3	(0.2)	97.1
Total Available-for-sale securities	\$ 134.1	\$ 2.1	\$ (0.2)	\$ 136.0
December 31, 2015 (in millions)				
Available-for-sale securities				
U.S. Treasury securities	\$ 33.7	\$ 0.1	\$ (0.3)	\$ 33.5
Corporate/Other bonds	95.7	0.3	(0.8)	95.2
Total Available-for-sale securities	\$ 129.4	\$ 0.4	\$ (1.1)	\$ 128.7

For the three months ended March 31, 2016 and 2015, there were no net realized gains or losses on the sale of available-for-sale securities.

The cost of maturities sold is based upon specific identification. At March 31, 2016, approximately \$5.5 million of U.S. Treasury securities have maturities of less than a year. At March 31, 2016, approximately \$10.4 million of Corporate/Other bonds have maturities of less than a year.

There are no material items in the fair value reconciliation of Level 3 assets and liabilities measured at fair value on a recurring basis for the three months ended March 31, 2016 and 2015.

Non-recurring Fair Value Measurements. There were no significant non-recurring fair value measurements recorded during the three months ended March 31, 2016.

B. Other Fair Value Disclosures for Financial Instruments. The carrying amount of cash and cash equivalents, restricted cash, notes receivable, customer deposits and short-term borrowings is a reasonable estimate of fair value due to their liquid or short-term nature. NiSource's long-term borrowings are recorded at historical amounts.

The following method and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate fair value.

Long-term Debt. The fair value of outstanding long-term debt is estimated based on the quoted market prices for the same or similar securities. Certain premium costs associated with the early settlement of long-term debt are not taken into consideration in determining fair value. These fair value measurements are classified as Level 2 within the fair value hierarchy. For the three months ended March 31, 2016 there was no change in the method or significant assumptions used to estimate the fair value of long-term debt.

The carrying amount and estimated fair values of these financial instruments were as follows:

(in millions)	Carrying Amount as of March 31, 2016	Estimated Fair Value as of March 31, 2016	Carrying Amount as of Dec. 31, 2015	Estimated Fair Value as of Dec. 31, 2015
Long-term debt (including current portion)	\$ 6,169.3	\$ 6,938.4	\$ 6,382.2	\$ 6,975.7

10. Transfers of Financial Assets

Transfers of accounts receivable are accounted for as secured borrowings resulting in the recognition of short-term borrowings on the Condensed Consolidated Balance Sheets (unaudited). The maximum amount of debt that can be recognized related to NiSource's accounts receivable programs is \$515 million.

[Table of Contents](#)ITEM 1. FINANCIAL STATEMENTS (continued)**NiSource Inc.****Notes to Condensed Consolidated Financial Statements (unaudited) (continued)**

All accounts receivables sold to the purchasers are valued at face value, which approximates fair value due to their short-term nature. The amount of the undivided percentage ownership interest in the accounts receivables sold is determined in part by required loss reserves under the agreements. Below is information about the accounts receivable securitization agreements entered into by NiSource's subsidiaries.

Columbia of Ohio is under an agreement to sell, without recourse, substantially all of its trade receivables, as they originate, to CGORC, a wholly-owned subsidiary of Columbia of Ohio. CGORC, in turn, is party to an agreement with BTMU and BNS, under the terms of which it sells an undivided percentage ownership interest in its accounts receivable to commercial paper conduits sponsored by BTMU and BNS. This agreement was last renewed on October 16, 2015; the current agreement expires on October 15, 2016, and can be further renewed if mutually agreed to by all parties. The maximum seasonal program limit under the terms of the current agreement is \$240 million. As of March 31, 2016, \$149.8 million of accounts receivable had been transferred by CGORC. CGORC is a separate corporate entity from NiSource and Columbia of Ohio, with its own separate obligations, and upon a liquidation of CGORC, CGORC's obligations must be satisfied out of CGORC's assets prior to any value becoming available to CGORC's stockholder.

NIPSCO is under an agreement to sell, without recourse, substantially all of its trade receivables, as they originate, to NARC, a wholly-owned subsidiary of NIPSCO. NARC, in turn, is party to an agreement with PNC and Mizuho under the terms of which it sells an undivided percentage ownership interest in its accounts receivable to PNC and a commercial paper conduit sponsored by Mizuho. This agreement was last renewed on August 26, 2015; the current agreement expires on August 24, 2016, and can be further renewed if mutually agreed to by all parties. The maximum seasonal program limit under the terms of the current agreement is \$200 million. As of March 31, 2016, \$166.6 million of accounts receivable had been transferred by NARC. NARC is a separate corporate entity from NiSource and NIPSCO, with its own separate obligations, and upon a liquidation of NARC, NARC's obligations must be satisfied out of NARC's assets prior to any value becoming available to NARC's stockholder.

Columbia of Pennsylvania is under an agreement to sell, without recourse, substantially all of its trade receivables, as they originate, to CPRC, a wholly-owned subsidiary of Columbia of Pennsylvania. CPRC, in turn, is party to an agreement with BTMU under the terms of which it sells an undivided percentage ownership interest in its accounts receivable to a commercial paper conduit sponsored by BTMU. The agreement with BTMU was last renewed on March 9, 2016; the current agreement expires on March 8, 2017, and can be further renewed if mutually agreed to by both parties. The maximum seasonal program limit under the terms of the agreement is \$75 million. As of March 31, 2016, \$68.9 million of accounts receivable had been transferred by CPRC. CPRC is a separate corporate entity from NiSource and Columbia of Pennsylvania, with its own separate obligations, and upon a liquidation of CPRC, CPRC's obligations must be satisfied out of CPRC's assets prior to any value becoming available to CPRC's stockholder.

The following table reflects the gross and net receivables transferred as well as short-term borrowings related to the securitization transactions as of March 31, 2016 and December 31, 2015 for Columbia of Ohio, NIPSCO and Columbia of Pennsylvania:

<i>(in millions)</i>	March 31, 2016		December 31, 2015	
Gross Receivables	\$	474.5	\$	450.8
Less: Receivables not transferred		89.2		204.8
Net receivables transferred	\$	385.3	\$	246.0
Short-term debt due to asset securitization	\$	385.3	\$	246.0

For the three months ended March 31, 2016 and 2015, \$139.3 million and \$(9.3) million was recorded as cash flows from (used for) financing activities related to the change in short-term borrowings due to the securitization transactions, respectively. For the three months ended March 31, 2016 and 2015, fees of \$1.1 million and \$0.8 million associated with the securitization transactions were recorded as interest expense, respectively. Columbia of Ohio, NIPSCO and Columbia of Pennsylvania remain responsible for collecting on the receivables securitized and the receivables cannot be sold to another party.

11. Goodwill

The following presents NiSource's goodwill balance allocated by segment as of March 31, 2016:

<i>(in millions)</i>	Gas Distribution Operations		Electric Operations		Corporate and Other		Total	
Goodwill	\$	1,690.7	\$	—	\$	—	\$	1,690.7

[Table of Contents](#)ITEM 1. FINANCIAL STATEMENTS (continued)**NiSource Inc.****Notes to Condensed Consolidated Financial Statements (unaudited) (continued)****12. Income Taxes**

NiSource's interim effective tax rates reflect the estimated annual effective tax rates for 2016 and 2015, adjusted for tax expense associated with certain discrete items. The effective tax rates for the three months ended March 31, 2016 and 2015 were 38.4% and 35.2% , respectively. These effective tax rates differ from the Federal tax rate of 35% primarily due to the effects of tax credits, state income taxes, utility rate-making, and other permanent book-to-tax differences.

The increase in the three month effective tax rate of 3.2% in 2016 versus 2015 is primarily due to state apportionment benefits in 2015.

There were no material changes recorded in the first quarter of 2016 to NiSource's uncertain tax positions as of December 31, 2015 .

13. Pension and Other Postretirement Benefits

NiSource provides defined contribution plans and noncontributory defined benefit retirement plans that cover its employees. Benefits under the defined benefit retirement plans reflect the employees' compensation, years of service and age at retirement. Additionally, NiSource provides health care and life insurance benefits for certain retired employees. The majority of employees may become eligible for these benefits if they reach retirement age while working for NiSource. The expected cost of such benefits is accrued during the employees' years of service. Current rates of rate-regulated companies include postretirement benefit costs, including amortization of the regulatory assets that arose prior to inclusion of these costs in rates. For most plans, cash contributions are remitted to grantor trusts.

For the three months ended March 31, 2016 , NiSource contributed \$0.8 million to its pension plans and \$4.9 million to its other postretirement benefit plans.

The following tables provide the components of the plans' net periodic benefits cost for the three months ended March 31, 2016 and 2015 :

Three Months Ended March 31, <i>(in millions)</i>	Pension Benefits		Other Postretirement Benefits	
	2016	2015	2016	2015
Components of Net Periodic Benefit Cost				
Service cost	\$ 7.7	\$ 8.2	\$ 1.2	\$ 1.6
Interest cost	22.4	21.7	5.5	5.7
Expected return on assets	(33.2)	(39.3)	(4.3)	(4.8)
Amortization of prior service cost (credit)	(0.1)	0.2	(1.2)	(1.2)
Recognized actuarial loss	15.3	13.5	0.8	1.1
Total Net Periodic Benefit Cost	\$ 12.1	\$ 4.3	\$ 2.0	\$ 2.4

14. Variable Interests and Variable Interest Entities

In general, a VIE is an entity (1) that has an insufficient amount of at-risk equity to permit the entity to finance its activities without additional financial subordinated support provided by any parties, (2) whose at-risk equity owners, as a group, do not have power, through voting rights or similar rights, to direct activities of the entity that most significantly impact the entity's economic performance or (3) whose at-risk owners do not absorb the entity's losses or receive the entity's residual return. A VIE is required to be consolidated by a company if that company is determined to be the primary beneficiary of the VIE.

NiSource would consolidate those VIEs for which it was the primary beneficiary. NiSource considers quantitative and qualitative elements in determining the primary beneficiary. Qualitative measures include the ability to control an entity and the obligation to absorb losses or the right to receive benefits from such entity.

NiSource's analysis includes an assessment of guarantees, operating leases, purchase agreements and other contracts, as well as its investments and joint ventures. For items that have been identified as variable interests, or where there is involvement with an

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

identified VIE, an in-depth review of the relationship between the relevant entities and NiSource is made to evaluate qualitative and quantitative factors to determine the primary beneficiary, if any, and whether additional disclosures would be required under the current standard.

NIPSCO has a service agreement with Pure Air, a general partnership between Air Products and Chemicals, Inc. and First Air Partners LP, under which Pure Air provides scrubber services to reduce sulfur dioxide emissions for Units 7 and 8 at the Bailly Generating Station. NiSource has made an exhaustive effort to obtain information needed from Pure Air to determine the status of Pure Air as a VIE. However, NIPSCO has not been able to obtain this information and, as a result, it is unclear whether Pure Air is a VIE and if NIPSCO is the primary beneficiary. NIPSCO will continue to request the information required to determine whether Pure Air is a VIE. NIPSCO has no exposure to loss related to the service agreement with Pure Air. Payments under this agreement were \$4.9 million and \$5.6 million for the three months ended March 31, 2016 and 2015, respectively.

15. Long-Term Debt

On March 31, 2016, NiSource Finance entered into a \$500.0 million term loan agreement with a syndicate of banks. NiSource Finance may borrow up to \$500.0 million at any time or from time to time before September 30, 2016. Until September 30, 2016, NiSource Finance will pay a fee of 17.5 basis points on any portion of the \$500.0 million commitment that is not borrowed. Any portion of the \$500.0 million commitment that is not borrowed at September 30, 2016 will be forfeited. The term loan matures March 29, 2019, at which point any and all outstanding borrowings under the agreement are due. Interest charged on borrowings depends on the variable rate structure elected by NiSource Finance at the time of each borrowing. The available variable rate structures from which NiSource Finance may choose are defined in the term loan agreement. As of March 31, 2016, NiSource had no outstanding borrowings under the term loan agreement.

On March 15, 2016, NiSource Finance redeemed \$201.5 million of 10.75% senior unsecured notes at maturity.

16. Short-Term Borrowings

NiSource Finance currently maintains a \$1.5 billion revolving credit facility with a syndicate of banks led by Barclays Capital with a termination date of July 1, 2020. The purpose of the facility is to fund ongoing working capital requirements including the provision of liquidity support for NiSource Finance's \$1.5 billion commercial paper program, provide for issuance of letters of credit and for general corporate purposes. At March 31, 2016 and December 31, 2015, NiSource had no outstanding borrowings under this facility.

NiSource Finance's commercial paper program has a program limit of up to \$1.5 billion with a dealer group comprised of Barclays, Citigroup, Credit Suisse and Wells Fargo. At March 31, 2016 and December 31, 2015, NiSource had \$460.0 million and \$321.4 million, respectively, of commercial paper outstanding.

As of March 31, 2016 and December 31, 2015, NiSource had \$14.7 million of stand-by letters of credit outstanding all of which were under the revolving credit facility.

Transfers of accounts receivable are accounted for as secured borrowings resulting in the recognition of short-term borrowings on the Condensed Consolidated Balance Sheets (unaudited) in the amount of \$385.3 million and \$246.0 million as of March 31, 2016 and December 31, 2015, respectively. Refer to Note 10, "Transfers of Financial Assets," for additional information.

<i>(in millions)</i>	March 31, 2016	December 31, 2015
Commercial Paper weighted average interest rate of 1.00% at March 31, 2016 and December 31, 2015	\$ 460.0	\$ 321.4
Accounts receivable securitization facility borrowings	385.3	246.0
Total Short-Term Borrowings	\$ 845.3	\$ 567.4

Given their turnover is less than 90 days, cash flows related to the borrowings and repayments of the items listed above are presented net in the Condensed Statements of Consolidated Cash Flows (unaudited).

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

17. Share-Based Compensation

The NiSource stockholders originally approved and adopted the NiSource Inc. 2010 Omnibus Incentive Plan (“Omnibus Plan”) at the Annual Meeting of Stockholders held on May 11, 2010. Stockholders re-approved the Omnibus Plan as amended at the Annual Meeting of Stockholders held on May 12, 2015. The Omnibus Plan provides for awards to employees and non-employee directors of incentive and nonqualified stock options, stock appreciation rights, restricted stock, restricted stock units, performance shares, performance units, cash-based awards and other stock-based awards and supersedes the long-term incentive plan approved by stockholders on April 13, 1994 (“1994 Plan”) and the Director Stock Incentive Plan (“Director Plan”). The Omnibus Plan provides that the number of shares of common stock of NiSource available for awards is 8,000,000 plus the number of shares subject to outstanding awards that expire or terminate for any reason that were granted under either the 1994 Plan or the Director Plan, plus the number of shares that were awarded as a result of the Separation-related adjustments. At March 31, 2016, there were 5,102,501 shares reserved for future awards under the Omnibus Plan.

NiSource recognized stock-based employee compensation expense of \$4.2 million and \$9.4 million for the three months ended March 31, 2016 and 2015, respectively, as well as related tax benefits of \$1.6 million and \$3.6 million, respectively.

As of March 31, 2016, the total remaining unrecognized compensation cost related to non-vested awards amounted to \$22.9 million, which will be amortized over the weighted-average remaining requisite service period of 2.3 years.

Restricted Stock Units and Restricted Stock. During the three months ended March 31, 2016, NiSource granted 12,760 restricted stock units and shares of restricted stock, subject to service conditions. The total grant date fair value of the restricted stock units and shares of restricted stock was \$0.2 million, based on the average market price of NiSource’s common stock at the date of each grant less the present value of any dividends not received during the vesting period, which will be expensed, net of forfeitures, over the vesting period which is generally three years. As of March 31, 2016, 1,734,966 non-vested (all of which are expected to vest) restricted stock units and shares of restricted stock were granted and outstanding.

Performance Shares. During the three months ended March 31, 2016, NiSource granted 603,665 performance shares subject to service, performance and market conditions. The grant date fair value of the awards was \$11.7 million, based on the average market price of NiSource’s common stock at the date of each grant less the present value of dividends not received during the vesting period which will be expensed, net of forfeitures, over the vesting period which is generally three years. A Monte Carlo analysis was used to value the portion of these awards dependent on market conditions. As of March 31, 2016, 603,665 non-vested (all of which are expected to vest) performance shares were granted and outstanding.

401(k) Match, Profit Sharing and Company Contribution. NiSource has a voluntary 401(k) savings plan covering eligible employees that allows for periodic discretionary matches as a percentage of each participant’s contributions payable in shares of NiSource common stock. NiSource also has a retirement savings plan that provides for discretionary profit sharing contributions payable in shares of NiSource common stock to eligible employees based on earnings results; and eligible exempt employees hired after January 1, 2010 receive a non-elective company contribution of 3% of eligible pay payable in shares of NiSource common stock. For the quarters ended March 31, 2016 and 2015, NiSource recognized 401(k) match, profit sharing and non-elective contribution expense of \$6.6 million and \$6.2 million, respectively.

18. Other Commitments and Contingencies

A. Guarantees and Indemnities. As a part of normal business, NiSource and certain subsidiaries enter into various agreements providing financial or performance assurance to third parties on behalf of certain subsidiaries. Such agreements include guarantees and stand-by letters of credit. These agreements are entered into primarily to support or enhance the creditworthiness otherwise attributed to a subsidiary on a stand-alone basis, thereby facilitating the extension of sufficient credit to accomplish the subsidiaries’ intended commercial purposes. At March 31, 2016, NiSource had issued stand-by letters of credit of approximately \$14.7 million for the benefit of third parties.

B. Legal Proceedings. The Company is party to certain claims and legal proceedings arising in the ordinary course of business, none of which is deemed to be individually material at this time. Due to the inherent uncertainty of litigation, there can be no assurance that the resolution of any particular claim or proceeding would not have a material adverse effect on the Company’s results of operations, financial position or liquidity. If one or more of such matters were decided against the Company, the effects could be material to the Company’s results of operations in the period in which the Company would be required to record or adjust the related liability and could also be material to the Company’s cash flows in the periods the Company would be required to pay such liability.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

C. Environmental Matters. NiSource operations are subject to environmental statutes and regulations related to air quality, water quality, hazardous waste and solid waste. NiSource believes that it is in substantial compliance with the environmental regulations currently applicable to its operations.

It is management's continued intent to address environmental issues in cooperation with regulatory authorities in such a manner as to achieve mutually acceptable compliance plans. However, there can be no assurance that fines and penalties will not be incurred. Management expects a significant portion of environmental assessment and remediation costs to be recoverable through rates for certain NiSource companies.

As of March 31, 2016 and December 31, 2015, NiSource had recorded an accrual of approximately \$122.0 million and \$123.2 million, respectively, to cover environmental remediation at various sites. The current portion of this accrual is included in "Legal and environmental" in the Condensed Consolidated Balance Sheets (unaudited). The noncurrent portion is included in "Other noncurrent liabilities" in the Condensed Consolidated Balance Sheets (unaudited). NiSource accrues for costs associated with environmental remediation obligations when the incurrence of such costs is probable and the amounts can be reasonably estimated. The original estimates for cleanup may differ materially from the amount ultimately expended. The actual future expenditures depend on many factors, including currently enacted laws and regulations, the nature and extent of contamination, the method of cleanup and the availability of cost recovery. These expenditures are not currently estimable at some sites. NiSource periodically adjusts its accrual as information is collected and estimates become more refined.

Air

The actions listed below could require further reductions in emissions from various emission sources. NiSource will continue to closely monitor developments in these matters.

Climate Change. Future legislative and regulatory programs, including implementation of the EPA CPP, could significantly limit allowed GHG emissions or impose a cost or tax on GHG emissions. Additionally, certain rules that increase methane leak detection and permitting requirements for natural gas facilities could restrict GHG emissions or impose additional costs. The CPP and other federally enacted or proposed GHG reduction measures are subject to numerous legal challenges that could change the way the programs are implemented, and NiSource will carefully monitor all GHG reduction proposals and regulations. In addition to the federal programs, the United States and 194 other countries agreed by consensus to limit GHGs to Nationally Determined Contributions (NDCs) beginning after 2020 in the 2015 United Nations Framework Convention on Climate Change Paris Agreement. The United States has proposed a NDC of a 26-28% reduction from 2005 levels by 2025, a figure that cannot be met with the CPP alone.

National Ambient Air Quality Standards. The CAA requires the EPA to set NAAQS for particulate matter and five other pollutants considered harmful to public health and the environment. Periodically, the EPA imposes new, or modifies existing, NAAQS. States that contain areas that do not meet the new or revised standards or contribute significantly to nonattainment of downwind states may be required to take steps to achieve and maintain compliance with the standards. These steps could include additional pollution controls on boilers, engines, turbines and other facilities owned by electric generation and gas distribution operations.

The following NAAQS were recently added or modified:

Ozone: On October 26, 2015, the EPA issued a final rule to lower the 8-hour ozone standard from 75 ppb to 70 ppb. After the EPA proceeds with designations, areas where NiSource operates that are currently designated in attainment with the standards may be reclassified as nonattainment. NiSource will continue to monitor this matter and cannot estimate its impact at this time.

Waste

NiSource subsidiaries are potentially responsible parties at waste disposal sites under the CERCLA (commonly known as Superfund) and similar state laws. Additionally, NiSource affiliates have retained environmental liabilities, including cleanup liabilities, associated with certain former operations.

A program has been instituted to identify and investigate former MGP sites where Gas Distribution Operations subsidiaries or predecessors may have liability. The program has identified 64 such sites where liability is probable. Remedial actions at many of these sites are being overseen by state or federal environmental agencies through consent agreements or voluntary remediation agreements.

NiSource utilizes a probabilistic model to estimate its future remediation costs related to its MGP sites. The model was prepared with the assistance of a third-party and incorporates NiSource and general industry experience with remediating MGP sites. NiSource completes an annual refresh of the model in the second quarter of each fiscal year. No material changes to the estimated future remediation costs were noted as a result of the refresh completed as of June 30, 2015. The total estimated liability at NiSource

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

related to the facilities subject to remediation was \$109.7 million and \$110.4 million at March 31, 2016 and December 31, 2015, respectively. The liability represents NiSource's best estimate of the probable cost to remediate the facilities. NiSource believes that it is reasonably possible that remediation costs could vary by as much as \$25 million in addition to the costs noted above. Remediation costs are estimated based on the best available information, applicable remediation standards at the balance sheet date and experience with similar facilities.

Additional Issues Related to Individual Business Segments

The sections below describe various regulatory actions that affect individual business segments for which NiSource has retained a liability.

Electric Operations.

Air

NIPSCO is subject to a number of air-quality mandates in the next several years. The mandates, which include the NSR Consent Decree, the Utility Mercury and Air Toxics Standards Rule (MATS) and the CPP, require or may require NIPSCO to make capital improvements to its electric generating stations. The cost of capital improvements associated with the NSR Consent Decree and MATS is estimated to be \$860 million, of which approximately \$27.2 million remains to be spent. The cost to comply with the CPP cannot be estimated at this time. Costs incurred for NSR Consent Decree and MATS compliance are currently being recovered through rates. NIPSCO believes that the costs associated with CPP compliance will be eligible for recovery through rates.

Utility Mercury and Air Toxics Standards Rule: On February 16, 2012, the EPA issued the MATS rule establishing new emissions limits for mercury and other air toxics. Certain affected NIPSCO units have completed projects to meet the April 2015 compliance deadline. For NIPSCO's remaining affected units, a one-year compliance extension granted by IDEM delayed the compliance date until April 2016. On June 29, 2015, the United States Supreme Court remanded the MATS rule back to the United States Court of Appeals for the District of Columbia Circuit for further proceedings. On December 15, 2015, the United States Court of Appeals for the District of Columbia Circuit issued an order remanding the MATS rule to the EPA without vacating the rule. The MATS rule remains in effect while the EPA addresses the issues raised by the United State Supreme Court. The EPA indicates that these issues will be fully addressed in 2016. NIPSCO will continue to monitor developments in this matter. NIPSCO completed an IURC-approved plan for the installation of environmental controls needed to comply with the MATS extension.

Clean Power Plan : On October 23, 2015, the EPA issued a final rule to regulate CO₂ emissions from existing fossil-fuel EGUs under section 111(d) of the CAA. The final rule establishes national CO₂ emission-rate standards that are applied to each state's mix of affected EGUs to establish state-specific emission-rate and mass-emission limits. The final rule requires each state to submit a plan indicating how the state will meet the EPA's emission-rate or mass-emission limit, including possibly imposing reduction obligations on specific units. If a state does not submit a satisfactory plan, the EPA will impose a federal plan on that state. On February 9, 2016, the U.S. Supreme Court stayed implementation of the CPP until litigation is decided on its merits. The cost to comply with this rule will depend on a number of factors, including the outcome of CPP litigation, the requirements of the state plan or final federal plan, and the level of NIPSCO's required CO₂ emission reductions. It is possible that this new rule, comprehensive federal or state GHG legislation or other GHG regulation could result in additional expense or compliance costs that could materially impact NiSource's financial results. NIPSCO will continue to monitor this matter and cannot estimate its impact at this time.

Cross State Air Pollution Rule: On December 3, 2015, the EPA issued a proposed rule to address interstate air quality impacts associated with the 2008 ozone NAAQS. Under the proposed rule, NIPSCO would be required to meet a more stringent NO_x emission allocation. NIPSCO will continue to monitor this matter and cannot estimate its impact at this time.

Water

On August 15, 2014, the EPA issued the final Phase II Rule of the Clean Water Act Section 316(b), which requires all large existing steam electric generating stations to meet certain performance standards to reduce the effects on aquatic organisms at their cooling water intake structures. Under this rule, stations will have to either demonstrate that the performance of their existing fish protection systems meet the new standards or develop new systems, such as a closed-cycle cooling tower. The cost to comply will depend on a number of factors, including evaluation of the various compliance options available under the regulation and permitting-related determinations by IDEM. NIPSCO estimates that the cost of compliance is between \$4 million and \$35 million, dependent upon study results, agency requirements and technology ultimately required to achieve compliance.

On November 3, 2015, the EPA issued a final rule to amend the ELG and standards for the Steam Electric Power Generating category. The final rule became effective January 4, 2016. The rule imposes new water treatment and discharge requirements on

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

NIPSCO's electric generating facilities to be applied between 2018-2023. Based upon a preliminary engineering study, capital compliance costs are currently expected to be in the \$225 million to \$315 million range. NIPSCO believes that the costs associated with ELG compliance will be eligible for recovery through rates.

Waste

On April 17, 2015, the EPA issued a final rule for regulation of CCRs. The rule regulates CCRs under the Resource Conservation and Recovery Act Subtitle D, which determines them to be nonhazardous. The rule will require increased groundwater monitoring, reporting, record keeping and posting of related information to the Internet. The rule also establishes requirements related to CCR management, impoundments, landfills and storage. The rule will allow NIPSCO to continue its byproduct beneficial use program.

The publication of the CCR rule resulted in revisions to previously recorded legal obligations associated with the retirement of certain NIPSCO facilities. The actual asset retirement costs related to the CCR rule may vary substantially from the estimates used to record the increased asset retirement obligation due to the uncertainty about the compliance strategies that will be used and the preliminary nature of available data used to estimate costs. Refer to Note 6, "Asset Retirement Obligations," for further information. In addition, to comply with the rule, NIPSCO will be required to incur future capital expenditures to modify its infrastructure and manage CCRs. Based upon a preliminary engineering study, capital compliance costs are currently expected to be in the \$130 million to \$182 million range. As allowed by the EPA, NIPSCO will continue to collect data over time to determine the specific compliance solutions and associated costs and, as a result, the actual costs may vary. NIPSCO believes that the costs associated with CCR compliance will be eligible for recovery through rates.

D. Other Matters.

Transmission Upgrade Agreements. On February 11, 2014, NIPSCO entered into TUAs with upgrade sponsors to complete upgrades on NIPSCO's transmission system on behalf of those sponsors. The upgrade sponsors agreed to reimburse NIPSCO for the total cost to construct transmission upgrades and place them into service, multiplied by a rate of 1.71 ("the multiplier").

On June 10, 2014, certain upgrade sponsors for both TUAs filed a complaint at the FERC against NIPSCO regarding the multiplier stated in the TUAs. On June 30, 2014, NIPSCO filed an answer defending the terms of the TUAs and the just and reasonable nature of the multiplier charged therein and moved for dismissal of the complaint. On December 8, 2014, the FERC issued an order in response to the complaint finding that it is appropriate for NIPSCO to recover, through the multiplier, substantiated costs of ownership related to the TUAs. The FERC set for hearing the issue of what constitutes the incremental costs NIPSCO will incur, but is holding that hearing in abeyance to allow for settlement. NIPSCO will continue to monitor developments in this matter and does not believe the conclusion of this matter will result in a material impact to the Condensed Consolidated Financial Statements (unaudited).

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

19. Accumulated Other Comprehensive Loss

The following tables display the components of Accumulated Other Comprehensive Loss for the three months ended March 31, 2016 and 2015 :

Three Months Ended March 31, 2016 (in millions)	Gains and Losses on Securities ⁽¹⁾	Gains and Losses on Cash Flow Hedges ⁽¹⁾	Pension and OPEB Items ⁽¹⁾	Accumulated Other Comprehensive Loss ⁽¹⁾
Balance as of January 1, 2016	\$ (0.5)	\$ (15.5)	\$ (19.1)	\$ (35.1)
Other comprehensive income before reclassifications	1.7	(71.2)	0.1	(69.4)
Amounts reclassified from accumulated other comprehensive loss	—	0.5	0.2	0.7
Net current-period other comprehensive income (loss)	1.7	(70.7)	0.3	(68.7)
Balance as of March 31, 2016	\$ 1.2	\$ (86.2)	\$ (18.8)	\$ (103.8)

Three Months Ended March 31, 2015 (in millions)	Gains and Losses on Securities ⁽¹⁾	Gains and Losses on Cash Flow Hedges ⁽¹⁾	Pension and OPEB Items ⁽¹⁾	Accumulated Other Comprehensive Loss ⁽¹⁾
Balance as of January 1, 2015	\$ 0.3	\$ (23.6)	\$ (27.3)	\$ (50.6)
Other comprehensive income before reclassifications	1.0	—	—	1.0
Amounts reclassified from accumulated other comprehensive loss	(0.1)	0.9	0.2	1.0
Net current-period other comprehensive income	0.9	0.9	0.2	2.0
Allocation of AOCI to noncontrolling interest	—	2.0	—	2.0
Balance as of March 31, 2015	\$ 1.2	\$ (20.7)	\$ (27.1)	\$ (46.6)

⁽¹⁾All amounts are net of tax. Amounts in parentheses indicate debits.

20. Business Segment Information

At March 31, 2016, NiSource's operations are divided into two primary reportable segments. The Gas Distribution Operations segment provides natural gas service and transportation for residential, commercial and industrial customers in Ohio, Pennsylvania, Virginia, Kentucky, Maryland, Indiana and Massachusetts. The Electric Operations segment provides electric service in 20 counties in the northern part of Indiana.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.

Notes to Condensed Consolidated Financial Statements (unaudited) (continued)

The following table provides information about business segments. NiSource uses operating income as its primary measurement for each of the reported segments and makes decisions on finance, dividends and taxes at the corporate level on a consolidated basis. Segment revenues include intersegment sales to affiliated subsidiaries, which are eliminated in consolidation. Affiliated sales are recognized on the basis of prevailing market, regulated prices or at levels provided for under contractual agreements. Operating income is derived from revenues and expenses directly associated with each segment.

<i>(in millions)</i>	Three Months Ended March 31,	
	2016	2015
Revenues		
Gas Distribution Operations		
Unaffiliated	\$ 1,040.8	\$ 1,456.2
Intersegment	3.2	0.1
Total	1,044.0	1,456.3
Electric Operations		
Unaffiliated	392.1	395.5
Intersegment	0.2	0.3
Total	392.3	395.8
Corporate and Other		
Unaffiliated	3.7	0.5
Intersegment	98.8	100.0
Total	102.5	100.5
Eliminations	(102.2)	(100.4)
Consolidated Gross Revenues	\$ 1,436.6	\$ 1,852.2
Operating Income (Loss)		
Gas Distribution Operations	\$ 314.9	\$ 325.2
Electric Operations	70.3	70.0
Corporate and Other	(3.8)	(8.9)
Consolidated Operating Income	\$ 381.4	\$ 386.3

21. Supplemental Cash Flow Information

The following table provides additional information regarding NiSource's Condensed Statements of Consolidated Cash Flows (unaudited) for the three months ended March 31, 2016 and 2015 :

<i>(in millions)</i>	Three Months Ended March 31,	
	2016	2015
Supplemental Disclosures of Cash Flow Information		
Non-cash transactions:		
Capital expenditures included in current liabilities	\$ 108.9	\$ 90.5
Assets acquired under a capital lease	0.7	4.8
Schedule of interest and income taxes paid:		
Cash paid for interest, net of interest capitalized	\$ 141.2	\$ 167.7
Cash paid for income taxes	—	4.3

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

NiSource Inc.

Note regarding forward-looking statements

The following Management's Discussion and Analysis of Financial Condition and Results of Operations, including statements regarding market risk sensitive instruments, contains "forward-looking statements," within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Investors and prospective investors should understand that many factors govern whether any forward-looking statement contained herein will be or can be realized. Any one of those factors could cause actual results to differ materially from those projected. These forward-looking statements include, but are not limited to, statements concerning NiSource's plans, objectives, expected performance, expenditures, recovery of expenditures through rates, stated on either a consolidated or segment basis, the Separation and any and all underlying assumptions and other statements that are not historical fact. From time to time, NiSource may publish or otherwise make available forward-looking statements of this nature. All such subsequent forward-looking statements, whether written or oral and whether made by or on behalf of NiSource, are also expressly qualified by these cautionary statements. All forward-looking statements are based on assumptions that management believes to be reasonable; however, there can be no assurance that actual results will not differ materially.

Factors that could cause actual results to differ materially from the forward-looking statements, including projections, forecasts, estimates and expectations discussed in this Quarterly Report on Form 10-Q include, among other things, NiSource's debt obligations; any changes in NiSource's credit rating; NiSource's ability to execute its growth strategy; changes in general economic, capital and commodity market conditions; pension funding obligations; economic regulation and the impact of regulatory rate reviews; compliance with environmental laws and the costs of associated liabilities; fluctuations in demand from residential and commercial customers; economic conditions of certain industries; the price of energy commodities and related transportation costs; the reliability of customers and suppliers to fulfill their payment and contractual obligations; potential impairments of goodwill or definite-lived intangible assets; changes in taxation and accounting principles; potential incidents and other operating risks associated with our business; the impact of an aging infrastructure; the impact of climate change; potential cyber-attacks; risks associated with construction and natural gas cost and supply; extreme weather conditions; the ability of subsidiaries to generate cash; uncertainties related to the expected benefits of the Separation and the matters referenced in the "Risk Factors" section of NiSource's Annual Report on Form 10-K for the fiscal year ended December 31, 2015, many of which are beyond the control of NiSource. In addition, the relative contributions to profitability by each segment, and the assumptions underlying the forward-looking statements relating thereto, may change over time. NiSource expressly disclaims any duty to update, supplement or amend any of its forward-looking statements, whether as a result of new information, subsequent events or otherwise.

The following Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with NiSource's Annual Report on Form 10-K for the fiscal year ended December 31, 2015 .

CONSOLIDATED REVIEW

Executive Summary

NiSource is an energy holding company under the Public Utility Holding Company Act of 2005 whose subsidiaries are fully regulated natural gas and electric utility companies serving customers in seven states. NiSource generates substantially all of its operating income through these rate-regulated businesses. A significant portion of NiSource's operations is subject to seasonal fluctuations in sales. During the heating season, which is primarily from November through March, net revenues from gas sales are more significant, and during the cooling season, which is primarily from June through September, net revenues from electric sales are more significant, than in other months.

NiSource reported lower income from continuing operations of \$179.7 million , or \$0.56 per basic share for the three months ended March 31, 2016 compared to \$192.5 million , or \$0.61 per basic share for the same period in 2015. The lower income from continuing operations during 2016 was due primarily to lower net revenues due to warmer weather partially offset by higher net revenues from regulatory and service programs. Additionally, the lower income from continuing operations was due to increased income taxes resulting from variances in consolidated state apportionment benefits.

For the three months ended March 31, 2016 , NiSource reported operating income of \$381.4 million compared to \$386.3 million for the same period in 2015.

These factors and other impacts to the financial results are discussed in more detail within the following discussions of "Results of Operations" and "Results and Discussion of Segment Operations."

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

NiSource Inc.

As part of our long-term regulated infrastructure investment program, NiSource invested \$301.0 million across our gas and electric utilities during the first quarter of 2016. In total, NiSource expects to invest approximately \$1.4 billion in capital expenditures during 2016.

NiSource believes that through income generated from operating activities, amounts available under its short-term revolving credit facility, commercial paper program, accounts receivable securitization facilities, long-term debt agreements and NiSource's ability to access the capital markets, there is adequate capital available to fund its operating activities and capital expenditures in 2016. At March 31, 2016, NiSource had approximately \$1,049.0 million of liquidity available, consisting of cash and available capacity under its revolving credit facility and accounts receivable securitization programs.

Platform for Growth

NiSource's utilities continue to move forward on core infrastructure and environmental investment programs supported by complementary regulatory and customer initiatives across all seven states in our service area. To date, NiSource has executed against approximately \$2.3 billion of an estimated \$30 billion in total projected long-term regulated utility infrastructure investments. As noted above, NiSource expects to invest approximately \$1.4 billion in capital expenditures during 2016 to continue to modernize and improve its system across all seven states. NiSource's goal is to develop strategies that benefit all stakeholders as it addresses changing customer conservation patterns, develops more contemporary pricing structures, and embarks on long-term investment programs. These strategies will help improve reliability and safety, enhance customer service and reduce emissions while generating sustainable returns.

Additionally, NiSource is pursuing regulatory and legislative initiatives that will allow residential customers not currently on NiSource's system to obtain gas service in a cost effective manner.

The discussion below summarizes significant regulatory developments that transpired during the quarter ended March 31, 2016, including periods prior to issuance of this 10-Q:

Gas Distribution Operations

- On April 20, 2016, the PUCO approved Columbia of Ohio's annual IRP rider. The rider provides for continued support of Columbia of Ohio's well-established pipeline replacement program. This order authorizes approximately \$21 million in increased annual revenue related to 2015 infrastructure investments of approximately \$185 million.
- A decision on Columbia of Massachusetts' 2016 GSEP was issued by the Massachusetts DPU on April 29, 2016. This approval allows for recovery of investments of approximately \$59 million through 2016 and an increase in annual revenues of \$8.2 million, which began on May 1, 2016.
- On March 18, 2016, Columbia of Pennsylvania filed a request with the Pennsylvania PUC to adjust its base rates in support of Columbia of Pennsylvania's continued upgrades and replacement of its infrastructure, and to recover increases in the company's safety-related operating and maintenance costs. The rate request is based on Columbia of Pennsylvania's infrastructure investments and programs which are designed to enhance pipeline safety. If approved as filed, the case would result in a \$55.3 million annual revenue increase. A PUC order is expected by the end of 2016.
- On April 29, 2016, Columbia of Virginia filed a request with the VSCC to adjust its base rates to recover investments and other costs associated with the company's ongoing initiatives to improve the overall safety and reliability of its distribution system and to accommodate increasing demand for service. If approved as filed, the case would result in an annual revenue increase of \$37.0 million. A VSCC decision is expected by early next year.
- On April 15, 2016, Columbia of Maryland filed a request with the MPSC to adjust its base rates to support the continued replacement of aging pipe as well as adopt pipeline safety upgrades. If approved as filed, the case would result in an annual revenue increase of approximately \$6.5 million. A commission order is expected by the end of 2016.
- NIPSCO continues to execute on its seven-year, approximately \$800 million, gas system modernization program to further improve system reliability and safety. On March 30, 2016, the IURC approved the semi-annual tracker update that NIPSCO filed in August 2015, which covered \$74.1 million of investments through mid-2015. NIPSCO filed its latest semi-annual tracker update on February 29, 2016, and that request remains pending with the IURC.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

NiSource Inc.

Electric Operations

- On March 24, 2016, NIPSCO reached a settlement agreement with the OUCC, industrial customers, the LaPorte County Board of Commissioners and the Indiana Municipal Utility Group on the company's seven-year electric infrastructure modernization plan. The settlement includes the recovery of more than \$1.2 billion of investments and remains focused on electric transmission and distribution investments designed to improve system safety and reliability. An IURC order on the settlement is anticipated in the third quarter of 2016.
- On February 19, 2016, NIPSCO reached a collaborative agreement in its electric base rate case currently pending before the IURC. The settlement, which includes the OUCC, industrial customers, the Indiana Municipal Utility Group and the United Steelworkers, provides a platform for NIPSCO's continued investments and service improvements for customers. The proposed settlement agreement would increase annual revenues by \$72.5 million. An IURC order on the settlement is anticipated in the third quarter of 2016.
- NIPSCO's two major transmission projects remain on schedule with anticipated in-service dates in the second half of 2018. The 100-mile 345-kV and 65-mile 765-kV projects are designed to enhance region-wide system flexibility and reliability. Right-of-way acquisition, permitting and engineering are under way on both projects. NIPSCO expects to provide updated project cost estimates prior to the commencement of line construction later this year.

Refer to Note 7, "Regulatory Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for a complete discussion of regulatory matters.

Ethics and Controls

NiSource is committed to providing accurate and complete financial reporting as well as high standards for ethical behavior by its employees. NiSource's senior management takes an active role in the development of this Form 10-Q and the monitoring of the company's internal control structure and performance. In addition, NiSource will continue its mandatory ethics training program for all employees.

For additional information refer to Item 4, "Controls and Procedures."

Results of Operations

Quarter Ended March 31, 2016

Income from Continuing Operations

Income from continuing operations was \$179.7 million , or \$0.56 per basic share, for the three months ended March 31, 2016 , compared to \$192.5 million , or \$0.61 per basic share, for the first quarter of 2015 . Operating income was \$381.4 million , a decrease of \$4.9 million from the same period in 2015 . Basic average shares of common stock outstanding at March 31, 2016 were 320.3 million compared to 316.6 million at March 31, 2015 .

Comparability of line item operating results between quarterly periods is impacted by regulatory and tax trackers that allow for the recovery in rates of certain costs such as bad debt expense. Therefore, increases in these tracked operating expenses are offset by increases in net revenues and have essentially no impact on income from continuing operations.

Net Revenues

Total consolidated net revenues (gross revenues less cost of sales) for the quarter ended March 31, 2016 , were \$940.1 million , a \$63.9 million decrease from the same period last year. This decrease in net revenues was primarily due to decreased Gas Distribution Operations' net revenues of \$67.1 million partially offset by increased Electric Operations' net revenues of \$3.1 million.

- Gas Distribution Operations' net revenues decreased primarily due to lower regulatory, depreciation and tax trackers, which are offset in expense, of \$67.1 million and the effects of warmer weather of \$34.7 million. These decreases in net revenues were partially offset by higher net revenues from regulatory and service programs of \$34.5 million, including the impact of new rates at Columbia of Massachusetts and Columbia of Pennsylvania, as well as the implementation of new rates under Columbia of Ohio's approved infrastructure replacement program.
- Electric Operations' net revenues increased primarily due to higher regulatory and depreciation trackers, which are offset in expense, of \$7.6 million, an increase in the return on the environmental capital investment recovery of \$3.6 million

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

NiSource Inc.

due to an increased plant balance eligible for recovery and higher net revenues of \$3.5 million as a result of two electric transmission projects. These increases were partially offset by the effects of warmer weather of \$4.7 million and lower usage of \$2.1 million.

Operating Expenses

Operating expenses for the first quarter of 2016 were \$558.7 million, a decrease of \$59.0 million from the 2015 period. This decrease was primarily due to lower regulatory, depreciation and tax trackers, which are offset in net revenues, of \$59.5 million, decreased electric generation expenses of \$6.6 million and lower employee and administrative costs of \$6.3 million. These decreases in operation and maintenance expense were partially offset by higher outside service costs of \$15.1 million.

Other Income (Deductions)

Other Income (Deductions) reduced income by \$89.8 million in the first quarter of 2016 compared to a reduction in income of \$89.3 million in the prior year.

Income Taxes

Income tax expense for the quarter ended March 31, 2016 was \$111.9 million compared to \$104.5 million in the prior year. The effective tax rates for the quarters ended March 31, 2016 and 2015 were 38.4% and 35.2%, respectively. The 3.2% increase in the three month effective tax rate in 2016 versus 2015 is primarily due to state apportionment benefits in 2015.

Refer to Note 12, "Income Taxes," in the Notes to Condensed Consolidated Financial Statements (unaudited) for further discussion of income taxes.

Liquidity and Capital Resources

A significant portion of NiSource's operations are subject to seasonal fluctuations in cash flow. During the heating season, which is primarily from November through March, cash receipts from gas sales and transportation services typically exceed cash requirements. During the summer months, cash on hand, together with the seasonal increase in cash flows from the electric business during the summer cooling season and external short-term and long-term financing is used to purchase gas to place in storage for heating season deliveries and perform necessary maintenance of facilities. NiSource believes that through income generated from operating activities, amounts available under its short-term revolving credit facility, commercial paper program, accounts receivable securitization programs, long-term debt agreements and NiSource's ability to access the capital markets, there is adequate capital available to fund its operating activities and capital expenditures in 2016.

Operating Activities

Net cash from operating activities from continuing operations for the three months ended March 31, 2016 was \$303.2 million, a decrease of \$145.0 million compared to the three months ended March 31, 2015. Changes in weather, gas price fluctuations and the related approved rates for recovery significantly impacted regulatory assets, regulatory liabilities and working capital when comparing the two periods. During 2016, over-collected gas costs and service revenues from 2015 were returned to customers resulting in a use of working capital. Conversely, during the comparable period in 2015, under-collected gas costs and service revenues from 2014 were received from customers creating a source of working capital.

Pension and Other Postretirement Plan Funding. NiSource expects to make contributions of approximately \$3.0 million to its pension plans and approximately \$22.2 million to its other postretirement benefit plans in 2016, which could change depending on market conditions. For the three months ended March 31, 2016, NiSource has contributed \$0.8 million to its pension plans and \$4.9 million to its other postretirement benefit plans.

Income Taxes. As of March 31, 2016, NiSource has a recorded deferred tax asset of \$395.4 million related to a Federal NOL carryforward. As a result of being in an NOL position, NiSource was not required to make any cash payments for Federal income tax purposes during the quarters ended March 31, 2016 and 2015. This NOL carryforward expires in 2030, however NiSource expects to fully utilize the carryforward benefit prior to its expiration.

Investing Activities

NiSource's capital expenditures for the three months ended March 31, 2016 were \$301.0 million compared to \$243.5 million for the comparable period in 2015. The increase in capital spend was driven by favorable weather conditions in 2016 which allowed for extended periods of construction. NiSource projects 2016 capital expenditures to be approximately \$1.4 billion.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)**NiSource Inc.**

The decrease in net cash from (used for) investing activities for the three months ended March 31, 2016, when compared to the first quarter of 2015, was also attributable to \$500.0 million in proceeds received from the initial public offering of CPPL during the first quarter of 2015.

Financing Activities

Long-term Debt. Refer to Note 15, "Long-term Debt," in the Notes to Condensed Consolidated Financial Statements (unaudited) for information on long-term debt.

Credit Facilities. NiSource Finance currently maintains a \$1.5 billion revolving credit facility with a syndicate of banks led by Barclays Capital with a termination date of July 1, 2020. The purpose of the facility is to fund ongoing working capital requirements including the provision of liquidity support for NiSource Finance's \$1.5 billion commercial paper program, provide for issuance of letters of credit and also for general corporate purposes.

NiSource Finance's commercial paper program has a program limit of up to \$1.5 billion with a dealer group comprised of Barclays, Citigroup, Credit Suisse and Wells Fargo.

NiSource Finance had no borrowings outstanding under its revolving credit facility at March 31, 2016 and December 31, 2015. In addition, NiSource Finance had \$460.0 million of commercial paper outstanding at March 31, 2016 at a weighted average interest rate of 1.00% and \$321.4 million in commercial paper outstanding at December 31, 2015, at a weighted average interest rate of 1.00%.

As of March 31, 2016 and December 31, 2015, NiSource had \$385.3 million and \$246.0 million, respectively, of short-term borrowings recorded on the Condensed Consolidated Balance Sheets (unaudited) relating to its accounts receivable securitization facilities. See Note 10, "Transfers of Financial Assets," in the Notes to Condensed Consolidated Financial Statements (unaudited).

As of March 31, 2016 and December 31, 2015, NiSource had \$14.7 million of stand-by letters of credit outstanding, all of which were under the revolving credit facility.

As of March 31, 2016, an aggregate of \$1,049.0 million of liquidity was available, including cash and credit available under the revolving credit facility and accounts receivable securitization programs.

The following table displays NiSource's liquidity position as of March 31, 2016:

<i>(in millions)</i>	Three Months Ended March 31, 2016	
Current Liquidity		
Revolving Credit Facility	\$	1,500.0
Accounts Receivable Program ⁽¹⁾		385.3
<i>Less:</i>		
Drawn on Revolving Credit Facility		—
Commercial Paper		460.0
Accounts Receivable Program Utilized		385.3
Letters of Credit Outstanding Under Credit Facility		14.7
<i>Add:</i>		
Cash and Cash Equivalents		23.7
Net Available Liquidity	\$	1,049.0

⁽¹⁾ Represents the lesser of the seasonal limit or maximum borrowings supportable by the underlying receivables.

Not included in liquidity discussed above is a \$500.0 million delayed-draw term loan agreement executed on March 31, 2016. Refer to Note 15, "Long-Term Debt," in the Notes to Condensed Consolidated Financial Statements (unaudited) for further information.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

NiSource Inc.

Debt Covenants. NiSource is subject to financial covenants under its revolving credit facility and term loan agreement, which require NiSource to maintain a debt to capitalization ratio that does not exceed 70%. A similar covenant in a 2005 private placement note purchase agreement requires NiSource to maintain a debt to capitalization ratio that does not exceed 75%. As of March 31, 2016, the ratio was 64.4%.

Sale of Trade Accounts Receivables. Refer to Note 10, "Transfers of Financial Assets," in the Notes to Condensed Consolidated Financial Statements (unaudited) for information on the sale of trade accounts receivable.

All accounts receivable sold to the purchasers are valued at face value, which approximates fair value due to their short-term nature. The amount of the undivided percentage ownership interest in the accounts receivables sold is determined, in part, by required loss reserves under the agreements.

Credit Ratings. The credit rating agencies periodically review the Company's ratings, taking into account factors such as our capital structure and earnings profile. In 2015, Moody's affirmed the NiSource senior unsecured rating of Baa2 and its commercial paper rating of P-2, with stable outlooks. Moody's also affirmed NIPSCO's Baa1 rating and Columbia of Massachusetts's Baa2 rating, with stable outlooks. In 2015, Standard & Poor's raised the senior unsecured ratings of NiSource and its subsidiaries to BBB+ and NiSource's commercial paper rating to A-2, with stable outlooks. In 2015, Fitch affirmed the NiSource senior unsecured rating of BBB-, commercial paper rating of F3 and the existing ratings of its other rated subsidiaries. Fitch revised its outlook to positive.

The Company is committed to maintaining investment grade credit ratings, however, there is no assurance we will be able to do so in the future. The Company's credit ratings could be lowered or withdrawn entirely by a rating agency if, in its judgment, the circumstances warrant. Any negative rating action could adversely affect our ability to access capital at rates and on terms that are attractive. A negative rating action could also adversely impact our business relationships with suppliers and operating partners.

Certain NiSource subsidiaries have agreements that contain "ratings triggers" that require increased collateral if the credit ratings of NiSource or certain of its subsidiaries are below investment grade. These agreements are primarily for insurance purposes and for the physical purchase or sale of power. As of March 31, 2016 the collateral requirement that would be required in the event of a downgrade below the ratings trigger levels would amount to approximately \$27.5 million. In addition to agreements with ratings triggers, there are other agreements that contain "adequate assurance" or "material adverse change" provisions that could necessitate additional credit support such as letters of credit and cash collateral to transact business.

Equity. NiSource has a shelf registration statement on file with the SEC that originally authorized NiSource to issue 400,000,000 shares of common stock and 20,000,000 shares of preferred stock. As of March 31, 2016, 321,360,285 shares of common stock were outstanding. NiSource has no preferred stock outstanding as of March 31, 2016.

Contractual Obligations. Aside from the previously referenced term loan issuance and repayment of long-term debt, there were no material changes recorded during the three months ended March 31, 2016 to NiSource's contractual obligations as of December 31, 2015.

Market Risk Disclosures

Risk is an inherent part of NiSource's energy businesses. The extent to which NiSource properly and effectively identifies, assesses, monitors and manages each of the various types of risk involved in its businesses is critical to its profitability. NiSource seeks to identify, assess, monitor and manage, in accordance with defined policies and procedures, the following principal market risks that are involved in NiSource's energy businesses: commodity price risk, interest rate risk and credit risk. Risk management at NiSource is a multi-faceted process with oversight by the Risk Management Committee that requires constant communication, judgment and knowledge of specialized products and markets. NiSource's senior management takes an active role in the risk management process and has developed policies and procedures that require specific administrative and business functions to assist in the identification, assessment and control of various risks. These may include but are not limited to market, operational, financial, compliance and strategic risk types. In recognition of the increasingly varied and complex nature of the energy business, NiSource's risk management process, policies and procedures continue to evolve and are subject to ongoing review and modification.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

NiSource Inc.

Commodity Price Risk

NiSource is exposed to commodity price risk as a result of its subsidiaries' operations involving natural gas and power. To manage this market risk, NiSource's subsidiaries use derivatives, including commodity futures contracts, swaps and options. NiSource is not involved in speculative energy trading activity.

Commodity price risk resulting from derivative activities at NiSource's rate-regulated subsidiaries is limited, since regulations allow recovery of prudently incurred purchased power, fuel and gas costs through the ratemaking process, including gains or losses on these derivative instruments. If states should explore additional regulatory reform, these subsidiaries may begin providing services without the benefit of the traditional ratemaking process and may be more exposed to commodity price risk. Some of NiSource's rate-regulated utility subsidiaries offer commodity price risk products to its customers for which derivatives are used to hedge forecasted customer usage under such products. These subsidiaries do not have regulatory recovery orders for these products and may be subject to gains and losses recognized in earnings due to hedge ineffectiveness.

NiSource subsidiaries are required to make cash margin deposits with their brokers to cover actual and potential losses in the value of outstanding exchange-traded derivative contracts. The amount of these deposits, which are reflected in NiSource's restricted cash balance, may fluctuate significantly during periods of high volatility in the energy commodity markets.

There are no material commodity risk management assets or liabilities as of March 31, 2016 and December 31, 2015 .

Interest Rate Risk

NiSource is exposed to interest rate risk as a result of changes in interest rates on borrowings under its revolving credit agreement, commercial paper program and accounts receivable programs, which have interest rates that are indexed to short-term market interest rates. Based upon average borrowings and debt obligations subject to fluctuations in short-term market interest rates, an increase (or decrease) in short-term interest rates of 100 basis points (1%) would have increased (or decreased) interest expense by \$1.5 million for the three months ended March 31, 2016 and \$4.9 million for the three months ended March 31, 2015 . NiSource is also exposed to interest rate risk as a result of changes in benchmark rates that can influence the interest rates of future debt issuances. NiSource may use several strategies including interest rate hedges and liability management transactions to manage this risk.

In December 2015, NiSource Finance entered into forward starting interest-rate swaps, to hedge the interest rate risk on coupon payments arising from \$1.0 billion of forecasted issuances of long-term debt expected to take place by 2018. Refer to Note 8, "Risk Management Activities," in the Notes to Condensed Consolidated Financial Statements (unaudited) for further information on NiSource's forward starting interest-rate swaps.

Credit Risk

Due to the nature of the industry, credit risk is embedded in many of NiSource's business activities. NiSource's extension of credit is governed by a Corporate Credit Risk Policy. In addition, Risk Management Committee guidelines are in place which document management approval levels for credit limits, evaluation of creditworthiness and credit risk mitigation efforts. Exposures to credit risks are monitored by the risk management function which is independent of commercial operations. Credit risk arises due to the possibility that a customer, supplier or counterparty will not be able or willing to fulfill its obligations on a transaction on or before the settlement date. For derivative related contracts, credit risk arises when counterparties are obligated to deliver or purchase defined commodity units of gas or power to NiSource at a future date per execution of contractual terms and conditions, or when counterparties are obligated to settle an amount owed to NiSource under a financial agreement. Exposure to credit risk is measured in terms of both current obligations and the market value of forward positions net of any posted collateral such as cash and letters of credit.

NiSource closely monitors the financial status of its banking credit providers. NiSource evaluates the financial status of its banking partners through the use of market-based metrics such as credit default swap pricing levels, and also through traditional credit ratings provided by major credit rating agencies.

Fair Value Measurement

NiSource measures certain financial assets and liabilities at fair value. The level of the fair value hierarchy disclosed is based on the lowest level of input that is significant to the fair value measurement. NiSource's financial assets and liabilities include price risk assets and liabilities, available-for-sale securities and a deferred compensation plan obligation.

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

NiSource Inc.

Refer to Note 9, "Fair Value," in the Notes to the Condensed Consolidated Financial Statements (unaudited) for additional information on NiSource's fair value measurements.

Off Balance Sheet Arrangements

As a part of normal business, NiSource and certain subsidiaries enter into various agreements providing financial or performance assurance to third parties on behalf of certain subsidiaries. Such agreements include guarantees and stand-by letters of credit.

Refer to Note 18, "Other Commitments and Contingencies," in the Notes to Condensed Consolidated Financial Statements (unaudited) for additional information about such arrangements.

Other Information

Critical Accounting Policies

There were no significant changes to critical accounting policies for the period ended March 31, 2016 .

Recently Issued Accounting Pronouncements

Refer to Note 2, "Recent Accounting Pronouncements."

NiSource Inc.

RESULTS AND DISCUSSION OF SEGMENT OPERATIONS

Presentation of Segment Information

NiSource's operations are divided into two primary business segments: Gas Distribution Operations and Electric Operations.

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)
**NiSource Inc.
Gas Distribution Operations**

(\$ in millions)	Three Months Ended March 31,	
	2016	2015
Net Revenues		
Sales revenues	\$ 1,044.0	\$ 1,456.3
Less: Cost of gas sold (excluding depreciation and amortization)	377.4	722.6
Net Revenues	666.6	733.7
Operating Expenses		
Operation and maintenance	238.4	291.8
Depreciation and amortization	61.2	56.1
Other taxes	52.1	60.6
Total Operating Expenses	351.7	408.5
Operating Income	\$ 314.9	\$ 325.2
Revenues		
Residential	\$ 681.8	\$ 1,014.9
Commercial	232.5	369.4
Industrial	61.5	88.0
Off-System sales	23.1	38.8
Other	45.1	(54.8)
Total	\$ 1,044.0	\$ 1,456.3
Sales and Transportation (MMDth)		
Residential	120.8	153.1
Commercial	71.6	88.7
Industrial	140.2	146.8
Off-System sales	12.1	13.5
Other	(0.1)	—
Total	344.6	402.1
Heating Degree Days	2,612	3,404
Normal Heating Degree Days	2,924	2,892
% Colder (Warmer) than Normal	(11)%	18%
Customers		
Residential	3,128,567	3,111,880
Commercial	285,214	284,081
Industrial	7,569	7,641
Other	13	15
Total	3,421,363	3,403,617

NiSource's Gas Distribution Operations serve approximately 3.4 million customers in seven states: Ohio, Indiana, Pennsylvania, Massachusetts, Virginia, Kentucky and Maryland. The regulated subsidiaries offer both traditional bundled services as well as transportation only for customers that purchase gas from alternative suppliers. The operating results reflect the temperature-sensitive nature of customer demand with 72% of annual residential and commercial throughput affected by seasonality. As a result, segment operating income is higher in the first and fourth quarters reflecting the heating demand during the winter season.

Regulatory Matters

Refer to Note 7, "Regulatory Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for information on significant rate developments and cost recovery and trackers for the Gas Distribution Operations segment.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

NiSource Inc.
Gas Distribution Operations

Customer Usage. Increased efficiency of natural gas appliances and improvements in home building codes and standards has contributed to a long-term trend of declining average use per customer. Residential and commercial usage for the three months ended March 31, 2016 decreased from the same period last year primarily due to warmer weather compared to the prior year. While historically, rate design at the distribution level has been structured such that a large portion of cost recovery is based upon throughput, rather than in a fixed charge, operating costs are largely incurred on a fixed basis, and do not fluctuate due to changes in customer usage. As a result, Gas Distribution Operations have pursued changes in rate design to more effectively match recoveries with costs incurred. Each of the states in which Gas Distribution Operations operate has different requirements regarding the procedure for establishing changes to rate design. Columbia of Ohio restructured its rate design through a base rate proceeding and has adopted a "de-coupled" rate design which more closely links the recovery of fixed costs with fixed charges. Columbia of Massachusetts received regulatory approval of a decoupling mechanism which adjusts revenues to an approved benchmark level through a volumetric adjustment factor. Columbia of Maryland and Columbia of Virginia have received regulatory approval to implement a revenue normalization adjustment for certain customer classes, which is a decoupling mechanism whereby monthly revenues that exceed or fall short of approved levels are reconciled in subsequent months. In a prior base rate proceeding, Columbia of Pennsylvania implemented a residential weather normalization adjustment. Columbia of Kentucky has had approval for a weather normalization adjustment for many years. In a prior base rate proceeding, NIPSCO implemented a higher fixed customer charge for residential and small customer classes moving toward full straight fixed variable rate design.

Environmental Matters

Currently, various environmental matters impact the Gas Distribution Operations segment. As of March 31, 2016, liabilities have been recorded to cover probable environmental response actions. Refer to Note 18-C, "Environmental Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for additional information regarding environmental matters for the Gas Distribution Operations segment.

Weather

In general, NiSource calculates the weather-related revenue variance based on changing customer demand driven by weather variance from normal heating degree-days. NiSource's composite heating degree days reported do not directly correlate to the weather related dollar impact on the results of Gas Distribution Operations. Heating degree days experienced during different times of the year or in different operating locations may have more or less impact on volume and dollars depending on when and where they occur. When the detailed results are combined for reporting, there may be weather related dollar impacts on operations when there is not an apparent or significant change in the aggregated NiSource composite heating degree-day comparison.

Weather in the Gas Distribution Operations' territories for the first quarter of 2016 was 11% warmer than normal and 23% warmer than the first quarter in 2015, decreasing net revenues approximately \$35 million for the quarter ended March 31, 2016 compared to 2015.

Throughput

Total volumes sold and transported of 344.6 MMDth for the first quarter of 2016 decreased by 57.5 MMDth from the same period last year. This 14% decrease in volumes was primarily attributable to warmer weather and lower off-system sales opportunities.

Net Revenues

Net revenues for the first quarter of 2016 were \$666.6 million, a decrease of \$67.1 million from the same period in 2015. The decrease in net revenues is due primarily to lower regulatory and tax trackers, offset in expense, of \$67.1 million and the effects of warmer weather of \$34.7 million. These decreases in net revenues were partially offset by higher net revenues from regulatory and service programs of \$34.5 million, including the impact of new rates at Columbia of Massachusetts and Columbia of Pennsylvania, as well as the implementation of new rates under Columbia of Ohio's approved infrastructure replacement program.

At NIPSCO, sales revenues and customer billings are adjusted for amounts related to under and over-recovered purchased gas costs from prior periods per regulatory order. These amounts are primarily reflected in the "Other" gross revenues statistic provided at the beginning of this segment discussion. The adjustment to Other gross revenues for the three months ended March 31, 2016 was a revenue increase of \$9.1 million compared to a revenue decrease of \$63.6 million for the three months ended March 31, 2015.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

NiSource Inc.

Gas Distribution Operations

Operating Income

For the first quarter of 2016, Gas Distribution Operations reported operating income of \$314.9 million, a decrease of \$10.3 million from the comparable 2015 period. Operating income decreased as a result of lower net revenues, as described above, partially offset by decreased operating expenses. Operating expenses were \$56.8 million lower than the comparable period reflecting lower regulatory and tax trackers which are offset in net revenues, of \$67.1 million. This decrease in operating expense was partially offset by higher outside service costs of \$7.0 million and increased depreciation expense of \$5.1 million due to increased capital expenditures placed in service.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

NiSource Inc.
Electric Operations

(\$ in millions)	Three Months Ended March 31,	
	2016	2015
Net Revenues		
Sales revenues	\$ 392.3	\$ 395.8
Less: Cost of sales (excluding depreciation and amortization)	119.1	125.7
Net Revenues	273.2	270.1
Operating Expenses		
Operation and maintenance	119.9	120.2
Depreciation and amortization	67.0	62.2
Other taxes	16.0	17.7
Total Operating Expenses	202.9	200.1
Operating Income	\$ 70.3	\$ 70.0
Revenues		
Residential	\$ 102.6	\$ 113.6
Commercial	103.5	110.5
Industrial	161.8	175.0
Wholesale	2.5	6.3
Other	21.9	(9.6)
Total	\$ 392.3	\$ 395.8
Sales (Gigawatt Hours)		
Residential	803.6	865.8
Commercial	911.9	940.0
Industrial	2,420.7	2,425.4
Wholesale	—	116.9
Other	34.5	34.6
Total	4,170.7	4,382.7
Electric Customers		
Residential	405,235	403,409
Commercial	55,170	54,695
Industrial	2,341	2,354
Wholesale	742	747
Other	—	5
Total	463,488	461,210

NiSource generates and distributes electricity, through its subsidiary NIPSCO, to approximately 463 thousand customers in 20 counties in the northern part of Indiana. The operating results reflect the temperature-sensitive nature of customer demand with annual sales affected by temperatures in the northern part of Indiana. As a result, segment operating income is generally higher in the second and third quarters, reflecting cooling demand during the summer season.

Electric Supply

On October 31, 2014, NIPSCO submitted its 2014 Integrated Resource Plan with the IURC. The plan evaluates demand-side and supply-side resource alternatives to reliably and cost-effectively meet NIPSCO customers' future energy requirements over the next twenty years. Existing resources are expected to be sufficient, assuming favorable outcomes for environmental upgrades, to meet customers' needs for the next decade. NIPSCO continues to monitor and assess economic, regulatory and legislative activity, and will update its resource plan as appropriate.

Regulatory Matters

Refer to Note 7, "Regulatory Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for information on significant rate developments and cost recovery and trackers for the Electric Operations segment.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

NiSource Inc.
Electric Operations

Environmental Matters

Currently, various environmental matters impact the Electric Operations segment. As of March 31, 2016, liabilities have been recorded to cover probable environmental response actions. Refer to Note 18-C, "Environmental Matters," in the Notes to Condensed Consolidated Financial Statements (unaudited) for additional information regarding environmental matters for the Electric Operations segment.

Transmission Upgrade Agreements

On February 11, 2014, NIPSCO entered into TUAs with upgrade sponsors to complete upgrades on NIPSCO's transmission system on behalf of those sponsors. The upgrade sponsors have agreed to reimburse NIPSCO for the total cost to construct transmission upgrades and place them into service, multiplied by a rate of 1.71 ("the multiplier").

On June 10, 2014, certain upgrade sponsors for both TUAs filed a complaint at FERC against NIPSCO regarding the multiplier stated in the TUAs. On June 30, 2014, NIPSCO filed an answer defending the terms of the TUAs and the just and reasonable nature of the multiplier charged therein and moved for dismissal of the complaint. On December 8, 2014, the FERC issued an order in response to the complaint finding that it is appropriate for NIPSCO to recover, through the multiplier, substantiated costs of ownership related to the TUAs. The FERC set for hearing the issue of what constitutes the incremental costs NIPSCO will incur, but is holding that hearing in abeyance to allow for settlement. NIPSCO will continue to monitor developments in this matter and does not believe the conclusion of this matter will result in a material impact to the Condensed Consolidated Financial Statements (unaudited).

Sales

Electric Operations sales quantities for the first quarter of 2016 were 4,170.7 gwh, a decrease of 212.0 gwh compared to the first quarter of 2015. The 5% decrease is primarily attributable to fewer opportunities for off-system sales in the first quarter of 2016.

Net Revenues

Net revenues for the first quarter of 2016 were \$273.2 million, an increase of \$3.1 million from the same period in 2015. The increase in net revenues is due primarily to higher regulatory and depreciation trackers, which are offset in expense, of \$7.6 million, an increase in the return on the environmental capital investment recovery of \$3.6 million due to an increased plant balance eligible for recovery and higher net revenues of \$3.5 million as a result of two electric transmission projects. These increases were partially offset by the effects of warmer weather of \$4.7 million and lower usage of \$2.1 million.

At NIPSCO, sales revenues and customer billings are adjusted for amounts related to under and over-recovered purchased fuel costs from prior periods per regulatory order. These amounts are primarily reflected in the "Other" gross revenues statistic provided at the beginning of this segment discussion. The adjustment to "Other" gross revenues for the three months ended March 31, 2016 was a revenue increase of \$2.6 million compared to a revenue decrease of \$22.7 million for the three months ended March 31, 2015.

Operating Income

For the first quarter of 2016, Electric Operations reported operating income of \$70.3 million, an increase of \$0.3 million from the comparable 2015 period. Operating income increased as a result of higher net revenues, as described above, partially offset by increased operating expenses of \$2.8 million. The increase in operating expenses was primarily driven by higher outside service costs of \$8.5 million and increased regulatory and depreciation trackers, which are offset in net revenues, of \$7.6 million. These increases were partially offset by lower electric generation expenses of \$6.6 million, decreased employee and administrative costs of \$3.0 million and an environmental accrual in 2015 of \$2.3 million.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

NiSource Inc.

For a discussion regarding quantitative and qualitative disclosures about market risk see “Management’s Discussion and Analysis of Financial Condition and Results of Operations - Market Risk Disclosures.”

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

NiSource’s chief executive officer and its chief financial officer are responsible for evaluating the effectiveness of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)). NiSource’s disclosure controls and procedures are designed to provide reasonable assurance that the information required to be disclosed by us in reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including NiSource’s chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure and is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC. Based upon that evaluation, NiSource’s chief executive officer and chief financial officer concluded that, as of the end of the period covered by this report, our disclosure controls and procedures were effective to provide reasonable assurance that financial information was processed, recorded and reported accurately.

Changes in Internal Controls

There have been no changes in NiSource’s internal control over financial reporting during the fiscal quarter covered by this report that has materially affected, or is reasonably likely to materially affect, NiSource’s internal control over financial reporting.

PART II

ITEM 1. LEGAL PROCEEDINGS

NiSource Inc.

The Company is party to certain claims and legal proceedings arising in the ordinary course of business, none of which is deemed to be individually material at this time. Due to the inherent uncertainty of litigation, there can be no assurance that the resolution of any particular claim or proceeding would not have a material adverse effect on the Company's results of operations, financial position or liquidity. If one or more of such matters were decided against the Company, the effects could be material to the Company's results of operations in the period in which the Company would be required to record or adjust the related liability and could also be material to the Company's cash flows in the periods the Company would be required to pay such liability.

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ITEM 1A. RISK FACTORS

NiSource Inc.

NiSource's operations and financial results are subject to various risks and uncertainties, including those disclosed in NiSource's most recent Annual Report on Form 10-K for the year ended December 31, 2015. There have been no material changes to such risk factors.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

NiSource Inc.

- (10.1) Term Loan Agreement, dated as of March 31, 2016, by and among NiSource Finance Corp, as Borrower, NiSource Inc., as Guarantor, the Lenders party thereto, and PNC Bank, National Association, as Administrative Agent, JP Morgan Chase Bank, N.A., as Syndication Agent, and Mizuho Bank, Ltd., as Documentation Agent. **
- (10.2) Form of Restricted Stock Unit Award Agreement under the 2010 Omnibus Incentive Plan.**
- (10.3) Form of Performance Share Award Agreement under the 2010 Omnibus Incentive Plan.**
- (31.1) Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. **
- (31.2) Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. **
- (32.1) Certification of Chief Executive Officer pursuant to 18. U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith). **
- (32.2) Certification of Chief Financial Officer pursuant to 18. U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith). **
- (101.INS) XBRL Instance Document
- (101.SCH) XBRL Schema Document
- (101.CAL) XBRL Calculation Linkbase Document
- (101.LAB) XBRL Labels Linkbase Document
- (101.PRE) XBRL Presentation Linkbase Document
- (101.DEF) XBRL Definition Linkbase Document

** Exhibit filed herewith.

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SIGNATURE

NiSource Inc.

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.

NiSource Inc.

(Registrant)

Date: May 3, 2016

By:

/s/ Joseph W. Mulpas

Joseph W. Mulpas

Vice President and Chief Accounting Officer
(Principal Accounting Officer
and Duly Authorized Officer)

TERM LOAN AGREEMENT

among

NISOURCE FINANCE CORP.,
as Borrower,

NISOURCE INC.,
as Guarantor,

THE LENDERS PARTY HERETO,

PNC BANK, NATIONAL ASSOCIATION,
as Administrative Agent,

JPMORGAN CHASE BANK, N.A.,
as Syndication Agent,

MIZUHO BANK (USA),
as Documentation Agent

PNC CAPITAL MARKETS LLC,
JPMORGAN CHASE BANK, N.A., and
MIZUHO BANK (USA)
Joint Lead Arrangers and Joint Bookrunners

Dated as of March 31, 2016

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TERM LOAN AGREEMENT, dated as of March 31, 2016 (this “*Agreement*”), among **NISOURCE FINANCE CORP.**, an Indiana corporation (the “*Borrower*”), as borrower, **NISOURCE INC.**, a Delaware corporation (the “*Guarantor*”), as guarantor, **PNC BANK, NATIONAL ASSOCIATION**, as administrative agent for the lenders hereunder (in such capacity, the “*Administrative Agent*”), **JPMORGAN CHASE BANK, N.A.**, as syndication agent, **MIZUHO BANK (USA)**, as documentation agent, and the lenders from time to time party hereto.

The parties hereto hereby agree as follows:

Article I
DEFINITIONS

SECTION 1.01. Defined Terms. As used in this Agreement, the following terms have the meanings specified below:

“*ABR*”, when used in reference to any Loan or Borrowing, refers to whether such Loan is, or the Loans comprising such Borrowing are, bearing interest at a rate determined by reference to the Alternate Base Rate.

“*Act*” means the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)).

“*Administrative Agent*” has the meaning assigned to such term in the preamble hereto.

“*Administrative Questionnaire*” means an Administrative Questionnaire in a form supplied by the Administrative Agent.

“*Affiliate*” means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

“*Agent Party*” has the meaning assigned to such term in Section 11.01(g).

“*Aggregate Commitments*” means the aggregate amount of the Commitments of all Lenders, as in effect from time to time. As of the date hereof, the Aggregate Commitments equal \$500,000,000.

“*Agreement*” has the meaning assigned to such term in the preamble hereto.

“*Alternate Base Rate*” means, for any day, a rate *per annum* equal to the greatest of (a) the Prime Rate in effect on such day, (b) the Federal Funds Effective Rate in effect on such day plus 1/2 of 1% and (c) 1.0% per annum plus the LIBO Rate applicable to an Interest Period of one month on such day (or if such day is not a Business Day, the immediately preceding Business Day); provided that, for the avoidance of doubt, the LIBO Rate for any day shall be based on the rate appearing on the Bloomberg Page BBAM1 (or on any successor or substitute page of such page determined by the Administrative Agent) on such day. Any

change in the Alternate Base Rate due to a change in the Prime Rate, the Federal Funds Effective Rate or the one-month LIBO Rate shall be effective from and including the effective date of such change in the Prime Rate, the Federal Funds Effective Rate or the one-month LIBO Rate, respectively. For the avoidance of doubt, if the Alternate Base Rate shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

“ **Alternate Source** ” shall have the meaning given to that term in the definition of “LIBO Rate”.

“ **Anti-Corruption Laws** ” means all laws, rules, and regulations of any jurisdiction applicable to the Borrower or its Subsidiaries from time to time concerning or relating to bribery, corruption or money laundering.

“ **Applicable Percentage** ” means, with respect to any Lender, the percentage of the Aggregate Commitments represented by such Lender’s Commitment; provided that, in the case of Section 2.20 when a Defaulting Lender shall exist, “Applicable Percentage” shall mean the percentage of the Aggregate Commitment (disregarding any Defaulting Lender’s Commitment) represented by such Lender’s Commitment. If the Commitments have terminated or expired, the Applicable Percentages shall be determined based upon the aggregate principal amount of Outstanding Loans made or maintained by such Lender as a percentage of all Outstanding Loans; provided that, in the event that a Defaulting Lender shall exist, in accordance with Section 2.20, “Applicable Percentage” shall mean the percentage of all Outstanding Loans (disregarding any Defaulting Lender’s Outstanding Loans) represented by such Lender’s Outstanding Loans.

“ **Applicable Rate** ” means, for any day, (a) with respect to any ABR Loan, the applicable rate per annum set forth adjacent to the caption “ABR Loans” on the Pricing Grid and (b) with respect to any Eurodollar Loan, the applicable rate per annum set forth adjacent to the caption “Eurodollar Loans” on the Pricing Grid.

“ **Arrangers** ” means each of PNC Capital Markets LLC, JPMorgan Chase Bank, N.A. and Mizuho Bank (USA).

“ **Assignment and Assumption** ” means an assignment and assumption entered into by a Lender and an assignee (with the consent of any party whose consent is required by Section 11.04), and accepted by the Administrative Agent, in the form of Exhibit A or any other form approved by the Administrative Agent.

“ **Authorized Officer** ” means the president, chief financial officer or the treasurer of the Borrower; provided that solely with respect to the submission of a Borrowing Request, “ **Authorized Officer** ” shall also mean the assistant treasurer or the treasury operations manager of the Borrower.

“ **Availability Period** ” means the period commencing on the Effective Date to but not including September 30, 2016.

“ **Bail-In Action** ” means the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution.

“ **Bail-In Legislation** ” means, with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.

“ **Bankruptcy Event** ” means, with respect to any Person, such Person becomes the subject of a bankruptcy or insolvency proceeding, or has had a receiver, conservator, trustee, administrator, custodian, assignee for the benefit of creditors or similar Person charged with the reorganization or liquidation of its business appointed for it, or, in the good faith determination of the Administrative Agent, has taken any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any such proceeding or appointment; provided that a Bankruptcy Event shall not result solely by virtue of any ownership interest, or the acquisition of any ownership interest, in such Person by a Governmental Authority or instrumentality thereof; provided, further, that such ownership interest does not result in or provide such Person with immunity from the jurisdiction of courts within the United States of America or from the enforcement of judgments or writs of attachment on its assets or permit such Person (or such Governmental Authority or instrumentality) to reject, repudiate, disavow or disaffirm any contracts or agreements made by such Person.

“ **Beneficiary** ” has the meaning set forth in Section 10.01.

“ **Board** ” means the Board of Governors of the Federal Reserve System of the United States of America.

“ **Board of Directors** ” means, with respect to any Person, (i) in the case of any corporation, the board of directors of such Person, (ii) in the case of any limited liability company, the board of managers (or equivalent) of such Person, (iii) in the case of any partnership, the board of directors (or equivalent) of the general partner of such Person and (iv) in any other case, the functional equivalent of the foregoing.

“ **Borrower** ” has the meaning assigned to such term in the preamble hereto.

“ **Borrowing** ” means Loans of the same Type, made, converted or continued on the same date and, in the case of Eurodollar Loans, as to which a single Interest Period is in effect.

“ **Borrowing Request** ” means a request by the Borrower for a Borrowing in accordance with Section 2.02.

“ **Business Day** ” means any day that is not a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to remain closed;

provided that, when used in connection with a Eurodollar Loan, the term “ **Business Day** ” shall also exclude any day on which banks are not open for dealings in dollar deposits in the London interbank market.

“ **Capital Lease** ” means, as to any Person, any lease of real or personal property in respect of which the obligations of the lessee are required, in accordance with GAAP, to be capitalized on the balance sheet of such Person.

“ **Capital Stock** ” means any and all shares, interests, participations or other equivalents (however designated) of capital stock of a corporation, any and all equivalent ownership interests in a Person other than a corporation (including, but not limited to, all common stock and preferred stock and partnership, membership and joint venture interests or units in a Person), and any and all warrants, rights or options to purchase any of the foregoing.

“ **CERCLA** ” means the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act, 42, U.S.C. Section 9601 et seq.

“ **Change in Law** ” means the occurrence, after the date of this Agreement (or with respect to any Lender, if later, the date on which such Lender becomes a Lender), of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rules, guideline, requirement or directive (whether or not having the force of law) by any Governmental Authority; provided, however, that notwithstanding anything herein to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines, requirements and directives thereunder, issued in connection therewith or in implementation thereof, and (ii) all requests, rules, guidelines, requirements and directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States of America or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a “Change in Law” regardless of the date enacted, adopted, issued or implemented.

“ **Change of Control** ” means (a) any “person” or “group” within the meaning of Sections 13(d) and 14(d)(2) of the Securities Exchange Act of 1934, as amended, shall become the “beneficial owner” (as defined in Rule 13d-3 under the Securities Exchange Act of 1934, as amended) of more than 50% of the then outstanding voting Capital Stock of the Guarantor, (b) Continuing Directors shall cease to constitute at least a majority of the directors constituting the Board of Directors of the Guarantor, (c) a consolidation or merger of the Guarantor shall occur after which the holders of the outstanding voting Capital Stock of the Guarantor immediately prior thereto hold less than 50% of the outstanding voting Capital Stock of the surviving entity; (d) more than 50% of the outstanding voting Capital Stock of the Guarantor shall be transferred to an entity of which the Guarantor owns less than 50% of the outstanding voting Capital Stock; (e) there shall occur a sale of all or

substantially all of the assets of the Guarantor; or (f) the Borrower or NIPSCO shall cease to be a Wholly-Owned Subsidiary of the Guarantor (except to the extent otherwise permitted under clauses (i), (ii), (iii) or (iv) of Section 6.01(b)).

“ **Code** ” means the Internal Revenue Code of 1986.

“ **Commitment** ” means, with respect to each Lender, the commitment of such Lender to make Loans hereunder as set forth herein. The amount of each Lender’s Commitment is (x) initially the amount set forth on Schedule 2.01 opposite such Lender’s name or (y) the amount set forth in the Assignment and Assumption pursuant to which such Lender shall have assumed its Commitment, as applicable.

“ **Communications** ” has the meaning assigned to such term in Section 11.01(g).

“ **Connection Income Taxes** ” means Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profits Taxes.

“ **Consolidated Capitalization** ” means the sum of (a) Consolidated Debt, (b) consolidated common equity of the Guarantor and its Consolidated Subsidiaries determined in accordance with GAAP, and (c) the aggregate liquidation preference of preferred stocks (other than preferred stocks subject to mandatory redemption or repurchase) of the Guarantor and its Consolidated Subsidiaries upon involuntary liquidation.

“ **Consolidated Debt** ” means, at any time, the Indebtedness of the Guarantor and its Consolidated Subsidiaries that would be classified as debt on a balance sheet of the Guarantor determined on a consolidated basis in accordance with GAAP.

“ **Consolidated Subsidiary** ” means, on any date, each Subsidiary of the Guarantor the accounts of which, in accordance with GAAP, would be consolidated with those of the Guarantor in its consolidated financial statements if such statements were prepared as of such date.

“ **Contingent Guaranty** ” means a direct or contingent liability in respect of a Project Financing (whether incurred by assumption, guaranty, endorsement or otherwise) that either (a) is limited to guarantying performance of the completion of the Project that is financed by such Project Financing or (b) is contingent upon, or the obligation to pay or perform under which is contingent upon, the occurrence of any event other than failure of the primary obligor to pay upon final maturity (whether by acceleration or otherwise).

“ **Continuing Directors** ” means (a) all members of the Board of Directors of the Guarantor who have held office continually since the Effective Date, and (b) all members of the Board of Directors of the Guarantor who were elected as directors after the Effective Date and whose nomination for election was approved by a vote of at least 50% of the Continuing Directors.

“ **Contractual Obligation** ” means, as to any Person, any provision of any security issued by such Person or of any agreement, instrument or other undertaking to which such Person is a party or by which it or any of its property is bound.

“ **Control** ” means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. “ **Controlling** ” and “ **Controlled** ” have meanings correlative thereto.

“ **Credit Documents** ” means (a) this Agreement, any promissory notes executed pursuant to Section 2.10, and any Assignment and Assumptions, (b) any certificates, opinions and other documents required to be delivered pursuant to Section 3.01 and (c) any other documents delivered by a Credit Party pursuant to or in connection with any one or more of the foregoing.

“ **Credit Party** ” means each of the Borrower and the Guarantor; and “ **Credit Parties** ” means the Borrower and the Guarantor, collectively.

“ **Creditor Party** ” means the Administrative Agent or any other Lender.

“ **Debt for Borrowed Money** ” means, as to any Person, without duplication, (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (c) all Capital Lease obligations of such Person, and (d) all obligations of such Person under synthetic leases, tax retention operating leases, off-balance sheet loans or other off-balance sheet financing products that, for tax purposes, are considered indebtedness for borrowed money of the lessee but are classified as operating leases under GAAP.

“ **Debt to Capitalization Ratio** ” means, at any time, the ratio of Consolidated Debt to Consolidated Capitalization.

“ **Default** ” means any event or condition that constitutes an Event of Default or that, upon notice, lapse of time or both would, unless cured or waived, become an Event of Default.

“ **Defaulting Lender** ” means any Lender that (a) has failed, within two Business Days of the date required to be funded or paid, to (i) fund any portion of its Loans or (ii) pay over to any Creditor Party any other amount required to be paid by it hereunder, unless, in the case of clause (i) above, such Lender notifies the Administrative Agent in writing that such failure is the result of such Lender’s good faith determination that a condition precedent to funding set forth in Section 3.02 (specifically identified and including the particular default, if any) has not been satisfied, (b) has notified the Borrower or any Creditor Party in writing, or has made a public statement to the effect, that it does not intend or expect to comply with any of its funding obligations under this Agreement (unless such writing or public statement indicates that such position is based on such Lender’s good faith determination that a condition precedent (specifically identified and including the particular

default, if any) to funding a loan under this Agreement set forth in Section 3.02 cannot be satisfied) or generally under other agreements in which it commits to extend credit, (c) has failed, within three Business Days after request by a Creditor Party, acting in good faith, to provide a certification in writing from an authorized officer of such Lender that it will comply with its obligations to fund prospective Loans; provided that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon such Creditor Party's receipt of such certification in form and substance satisfactory to it and the Administrative Agent, or (d) has become the subject of a Bankruptcy Event or a Bail-in Action.

“ **Documentation Agent** ” means Mizuho Bank (USA), in its capacity as documentation agent for the Lenders hereunder.

“ **Dollars** ” or “ **\$** ” refers to lawful money of the United States of America.

“ **EEA Financial Institution** ” means (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

“ **EEA Member Country** ” means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

“ **EEA Resolution Authority** ” means any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

“ **Effective Date** ” means the date on which each of the conditions precedent set forth in Section 3.01 have been satisfied or waived by the Lenders in accordance with Section 11.02.

“ **Electronic Signature** ” means an electronic sound, symbol, or process attached to, or associated with, a contract or other record and adopted by a Person with the intent to sign, authenticate or accept such contract or record.

“ **Electronic System** ” means any electronic system, including (i) e-mail, (ii) e-fax, (iii) Intralinks®, Syndtrak®, ClearPar® and (iv) any other Internet or extranet-based site, whether such electronic system is owned, operated or hosted by the Administrative Agent and any of its Related Parties or any other Person, providing for access to data protected by passcodes or other security system.

“ **Environmental Laws** ” means any and all foreign, federal, state, local or municipal laws (including, without limitation, common laws), rules, orders, regulations, statutes, ordinances, codes, decrees, judgments, awards, writs, injunctions, requirements of any

Governmental Authority or other requirements of law regulating, relating to or imposing liability or standards of conduct concerning, pollution, waste, industrial hygiene, occupational safety or health, the presence, transport, manufacture, generation, use, handling, treatment, distribution, storage, disposal or release of Hazardous Materials, or protection of human health, plant life or animal life, natural resources or the environment, as now or at any time hereafter in effect.

“ **Environmental Liability** ” means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of the Guarantor or any of its Subsidiaries directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

“ **ERISA** ” means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated and rulings issued thereunder.

“ **ERISA Affiliate** ” means any Person who, for purposes of Title IV of ERISA, is a member of the Guarantor’s controlled group, or under common control with the Guarantor, within the meaning of Section 414 of the Code and the regulations promulgated and rulings issued thereunder.

“ **ERISA Event** ” means (a) a reportable event, within the meaning of Section 4043 of ERISA, with respect to a Plan unless the 30-day notice requirement with respect thereto has been waived by the PBGC, (b) the provision by the administrator of any Plan of a notice of intent to terminate such Plan, pursuant to Section 4041(a)(2) and 4041(c) of ERISA (including any such notice with respect to a plan amendment referred to in Section 4041(e) of ERISA), (c) the withdrawal by the Guarantor or any ERISA Affiliate from a Multiple Employer Plan during a plan year for which it was a substantial employer, as defined in Section 4001(a)(2) of ERISA, (d) the failure by the Guarantor or any ERISA Affiliate to make a payment to a Plan required under Section 302 of ERISA, for which Section 303(k) of ERISA imposes a lien for failure to make required payments, or (e) the institution by the PBGC of proceedings to terminate a Plan, pursuant to Section 4042 of ERISA, or the occurrence of any event or condition which may reasonably be expected to constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, a Plan.

“ **EU Bail-In Legislation Schedule** ” means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.

“ **Eurocurrency Liabilities** ” has the meaning assigned to that term in Regulation D of the Board, as in effect from time to time.

“ **Eurodollar** ”, when used in reference to any Loan or Borrowing, refers to whether such Loan is, or the Loans comprising such Borrowing are, bearing interest at a rate determined by reference to the LIBO Rate.

“ **Eurodollar Rate Reserve Percentage** ” of any Lender for the Interest Period for any Eurodollar Loan means the reserve percentage applicable during such Interest Period (or if more than one such percentage shall be so applicable, the daily average of such percentages for those days in such Interest Period during which any such percentage shall be so applicable) under regulations issued from time to time by the Board (or any successor) for determining the maximum reserve requirement (including, without limitation, any emergency, supplemental or other marginal reserve requirement) for such Lender with respect to liabilities or assets consisting of or including Eurocurrency Liabilities having a term equal to such Interest Period.

“ **Event of Default** ” has the meaning assigned to such term in Article VIII.

“ **Excluded Taxes** ” means any of the following Taxes imposed on or with respect to a Recipient or required to be withheld or deducted from a payment to a Recipient, (a) Taxes imposed on (or measured by) its net income or net earnings (however denominated), franchise Taxes and branch profits Taxes, in each case, (i) imposed by the jurisdiction (or any political subdivision thereof) under the laws of which such Recipient is organized or in which its principal office is located or, in the case of any Lender, in which its applicable lending office is located or (ii) that are Other Connection Taxes, (b) in case of a Lender, U.S. federal withholding Taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in a Loan or Commitment pursuant to a law in effect on the date on which (i) such Lender acquires such interest in the Loan or Commitment (other than pursuant to an assignment request by the Borrower under Section 2.19) or (ii) such Lender changes its lending office, except in each case to the extent that, pursuant to Section 2.17, amounts with respect to such Taxes were payable either to such Lender's assignor immediately before such Lender became a party hereto or to such Lender immediately before it changed its lending office, (c) Taxes attributable to such Recipient's failure to comply with Section 2.17(e) or (f), and (d) any Taxes imposed under FATCA.

“ **Extension of Credit** ” means the making by any Lender of a Loan.

“ **FATCA** ” means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof and any agreement entered into pursuant to Section 1471(b)(1) of the Code.

“ **Federal Bankruptcy Code** ” means Title 11 of the United States Code (11 U.S.C. § 101 et seq.).

“ **Federal Funds Effective Rate** ” means, for any day, the weighted average (rounded upwards, if necessary, to the next 1/100 of 1%) of the rates on overnight Federal funds

transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average (rounded upwards, if necessary, to the next 1/100 of 1%) of the quotations for such day for such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by it; provided that if such rate shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

“ **Foreign Lender** ” means any Lender that is not a U.S. Person.

“ **GAAP** ” means generally accepted accounting principles in the United States of America consistent with those applied in the preparation of the financial statements referred to in Section 4.01(e).

“ **Governmental Authority** ” means the government of the United States of America, any other nation, or any political subdivision of the United States of America or any other nation, whether state or local, any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank), and any group or body charged with setting financial accounting or regulatory capital rules or standards (including, without limitation, the Financial Accounting Standards Board, the Bank for International Settlements or the Basel Committee on Banking Supervision or any successor or similar authority to any of the foregoing).

“ **Guarantor** ” has the meaning assigned to such term in the preamble hereto.

“ **Guaranty** ” means the guaranty of the Guarantor pursuant to Article X of this Agreement.

“ **Hazardous Materials** ” means any asbestos; flammables; volatile hydrocarbons; industrial solvents; explosive or radioactive materials; hazardous wastes; toxic substances; liquefied natural gas; natural gas liquids; synthetic gas; oil, petroleum, or related materials and any constituents, derivatives, or byproducts thereof or additives thereto; or any other material, substance, waste, element or compound (including any product) regulated pursuant to any Environmental Law, including, without limitation, substances defined as “hazardous substances,” “hazardous materials,” “contaminants,” “pollutants,” “hazardous wastes,” “toxic substances,” “solid waste,” or “extremely hazardous substances” in (i) CERCLA, (ii) the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801 et seq., (iii) the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901 et seq., (iv) the Federal Water Pollution Control Act, as amended, 33 U.S.C. Section 1251 et seq., (v) the Clean Air Act, 42 U.S.C. Section 7401 et seq., (vi) the Toxic Substances Control Act, 15 U.S.C. Section 2601 et seq., (vii) the Safe Drinking Water Act, 42 U.S.C. Section 300f et seq., or (viii) foreign, state, local or municipal law.

“ **Indebtedness** ” of any Person means (without duplication) (a) Debt for Borrowed Money, (b) obligations of such Person to pay the deferred purchase price of property or services, except trade accounts payable arising in the ordinary course of business which are not overdue, (c) all obligations, contingent or otherwise, of such Person in respect of any letters of credit, bankers’ acceptances or interest rate, currency or commodity swap, cap or floor arrangements, (d) all indebtedness of others secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on property owned or acquired by such Person, whether or not the indebtedness secured thereby has been assumed, (e) all amounts payable by such Person in connection with mandatory redemptions or repurchases of preferred stock, and (f) obligations of such Person under direct or indirect guarantees in respect of, and obligations (contingent or otherwise) to purchase or otherwise acquire, or otherwise to assure a creditor against loss in respect of, indebtedness or obligations of others of the kinds referred to in clauses (a) through (e) above.

“ **Indemnified Taxes** ” means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of any Credit Party under any Credit Document and (b) to the extent not otherwise described in (a), Other Taxes.

“ **Indemnitee** ” has the meaning set forth in Section 11.03.

“ **Index Debt** ” means the senior unsecured long-term debt securities of the Borrower, without third-party credit enhancement provided by a Person other than the Guarantor.

“ **Ineligible Institution** ” has the meaning assigned to such term in Section 11.04(b).

“ **Information** ” has the meaning set forth in Section 11.12.

“ **Insufficiency** ” means, with respect to any Plan, the amount, if any, by which the present value of all vested and unvested accrued benefits under such Plan exceeds the fair market value of assets allocable to such benefits, all determined as of the then most recent valuation date for such Plan using actuarial assumptions used in determining such Plan’s target normal cost for purposes of Section 430(b) of the Code.

“ **Interest Election Request** ” means a request by the Borrower to convert or continue all or a portion of any Borrowing in accordance with Section 2.06.

“ **Interest Payment Date** ” means (a) with respect to any ABR Loan, the last Business Day of each March, June, September and December, (b) with respect to any Eurodollar Loan, the last day of the Interest Period applicable to the Borrowing of which such Loan is a part and, in the case of a Eurodollar Borrowing with an Interest Period of more than three months’ duration, the day that is three months after the first day of such Interest Period and (c) with respect to any Loan, the Maturity Date.

“ **Interest Period** ” means with respect to any Eurodollar Borrowing, the period commencing on the date of such Borrowing and ending on the numerically corresponding day in the calendar month that is one, two, three or six months thereafter, as the Borrower

may elect; provided that (a) if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day; and (b) any Interest Period that commences on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such Interest Period) shall end on the last Business Day of the last calendar month of such Interest Period. For purposes hereof, the date of a Borrowing initially shall be the date on which such Borrowing is made, and thereafter shall be the effective date of the most recent conversion or continuation of such Borrowing.

“ **Lenders** ” means the Persons listed on Schedule 2.01, including any such Person identified thereon or in the signature pages hereto as a Lead Arranger, and any other Person that shall have become a party hereto pursuant to an Assignment and Assumption, other than any such Person that ceases to be a party hereto pursuant to an Assignment and Assumption.

“ **LIBO Rate** ” means, with respect to any Eurodollar Borrowing for any applicable Interest Period, the interest rate *per annum* determined by the Administrative Agent equal to the rate which appears on the Bloomberg Page BBAM1 (or on such other substitute Bloomberg page that displays rates at which US dollar deposits are offered by leading banks in the London interbank deposit market), or, if there shall at any time, for any reason, no longer exist a Bloomberg Page BBAM1 (or any substitute page), the rate which is quoted by another source reasonably selected by the Administrative Agent as an authorized information vendor for the purpose of displaying rates at which U.S. dollar deposits are offered by leading banks in the London interbank deposit market (for purposes of this definition, an “ **Alternate Source** ”), at approximately 11:00 a.m., London time, two (2) Business Days prior to the commencement of such Interest Period as the London interbank offered rate for U.S. dollars for an amount comparable to such Eurodollar Borrowing and having a borrowing date and a maturity comparable to such Interest Period (or if there shall at any time, for any reason, no longer exist a Bloomberg Page BBAM1 (or any substitute page) or any Alternate Source, a comparable replacement rate reasonably determined by the Administrative Agent at such time (which determination shall be conclusive and binding absent manifest error)); provided that, if the LIBO Rate shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement. It is understood and agreed that all of the terms and conditions of this definition of “LIBO Rate” shall be subject to Section 2.14. The Administrative Agent shall give prompt notice to the Borrower of the LIBO Rate as determined or adjusted in accordance herewith, which determination shall be conclusive and binding absent manifest error.

“ **Lien** ” has the meaning set forth in Section 6.01(a).

“ **Loans** ” means the loans made by the Lenders to the Borrower pursuant to this Agreement.

“ **Margin Stock** ” means margin stock within the meaning of Regulations U and X issued by the Board.

“ **Material Adverse Effect** ” means a material adverse effect on (a) the business, assets, operations, condition (financial or otherwise) or prospects of the Guarantor and its Subsidiaries taken as a whole; (b) the validity or enforceability of any of Credit Documents or the rights, remedies and benefits available to the Administrative Agent and the Lenders thereunder; or (c) the ability of the Borrower or the Guarantor to consummate the Transactions.

“ **Material Subsidiary** ” means at any time the Borrower, NIPSCO and each Subsidiary of the Guarantor, other than the Borrower and NIPSCO, in respect of which:

the Guarantor’s and its other Subsidiaries’ investments in and advances to such Subsidiary and its Subsidiaries exceed 10% of the consolidated total assets of the Guarantor and its Subsidiaries taken as a whole, as of the end of the most recent fiscal year; or

the Guarantor’s and its other Subsidiaries’ proportionate interest in the total assets (after intercompany eliminations) of such Subsidiary and its Subsidiaries exceeds 10% of the consolidated total assets of the Guarantor and its Subsidiaries as of the end of the most recent fiscal year; or

(a) the Guarantor’s and its other Subsidiaries’ equity in the income from continuing operations before income taxes, extraordinary items and cumulative effect of a change in accounting principles of such Subsidiary and its Subsidiaries exceeds 10% of the consolidated income of the Guarantor and its Subsidiaries for the most recent fiscal year.

“ **Maturity Date** ” means the earlier of (a) March 29, 2019 and (b) the date upon which (i) the Commitments are terminated if not previously expired and (ii) amounts payable under this Agreement are accelerated pursuant to Section 8.01 or otherwise.

“ **Moody’s** ” means Moody’s Investors Service, Inc., and any successor thereto.

“ **Multiemployer Plan** ” means a multiemployer plan as defined in Section 4001(a)(3) of ERISA that is subject to Title IV of ERISA and to which the Guarantor or an ERISA Affiliate makes, or is required to make, contributions or otherwise has any liability (including contingent liability).

“ **Multiple Employer Plan** ” means a single employer plan, as defined in Section 4001(a)(15) of ERISA, which (a) is maintained for employees of the Guarantor or an ERISA Affiliate and at least one Person other than the Guarantor and its ERISA Affiliates, or (b) was so maintained and in respect of which the Guarantor or an ERISA Affiliate could have liability under Section 4064 or 4069 of ERISA in the event that such plan has been or were to be terminated.

“ **NIPSCO** ” means Northern Indiana Public Service Company, an Indiana corporation.

“ **Non-Recourse Debt** ” means Indebtedness of the Guarantor or any of its Subsidiaries which is incurred in connection with the acquisition, construction, sale, transfer or other disposition of specific assets, to the extent recourse, whether contractual or as a matter of law, for non-payment of such Indebtedness is limited (a) to such assets or (b) if such assets are (or are to be) held by a Subsidiary formed solely for such purpose, to such Subsidiary or the Capital Stock of such Subsidiary.

“ **Obligations** ” means all amounts, direct or indirect, contingent or absolute, of every type or description, and at any time existing and whenever incurred (including, without limitation, after the commencement of any bankruptcy proceeding), owing to the Administrative Agent or any Lender pursuant to the terms of this Agreement or any other Credit Document.

“ **OFAC** ” means the Office of Foreign Assets Control of the U.S. Department of the Treasury.

“ **Other Connection Taxes** ” means, with respect to any Recipient, Taxes imposed as a result of a present or former connection between such Recipient and the jurisdiction imposing such Tax (other than connections arising from such Recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Credit Document, or sold or assigned an interest in any Loan or Credit Document).

“ **Other Taxes** ” means any and all present or future stamp, documentary or similar Taxes, charges or similar levies arising from any payment made hereunder or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment.

“ **Outstanding Loans** ” means, as to any Lender at any time, the aggregate principal amount of all Loans made or maintained by such Lender then outstanding.

“ **Parent** ” means, with respect to any Lender, any Person as to which such Lender is, directly or indirectly, a subsidiary.

“ **Participant** ” has the meaning set forth in Section 11.04.

“ **Participant Register** ” has the meaning set forth in Section 11.04.

“ **PBGC** ” means the Pension Benefit Guaranty Corporation referred to and defined in ERISA and any successor entity performing similar functions.

“ **Person** ” means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

“ **Plan** ” means any employee pension benefit plan (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 of the Code or Section 302 of

ERISA, and in respect of which the Guarantor or any ERISA Affiliate is (or, if such plan were terminated, would under Section 4069 of ERISA be deemed to be) an “employer” as defined in Section 3(5) of ERISA.

“**Pricing Grid**” means the pricing grid attached hereto as Annex A.

“**Prime Rate**” means the rate of interest *per annum* publicly announced from time to time by PNC Bank, National Association as its prime rate in effect at its principal office in Pittsburgh, Pennsylvania; each change in the Prime Rate shall be effective from and including the date such change is publicly announced as being effective.

“**Project**” means an energy or power generation, transmission or distribution facility (including, without limitation, a thermal energy generation, transmission or distribution facility and an electric power generation, transmission or distribution facility (including, without limitation, a cogeneration facility)), a gas production, transportation or distribution facility, or a minerals extraction, processing or distribution facility, together with (a) all related electric power transmission, fuel supply and fuel transportation facilities and power supply, thermal energy supply, gas supply, minerals supply and fuel contracts, (b) other facilities, services or goods that are ancillary, incidental, necessary or reasonably related to the marketing, development, construction, management, servicing, ownership or operation of such facility, (c) contractual arrangements with customers, suppliers and contractors in respect of such facility, and (d) any infrastructure facility related to such facility, including, without limitation, for the treatment or management of waste water or the treatment or remediation of waste, pollution or potential pollutants.

“**Project Financing**” means Indebtedness incurred by a Project Financing Subsidiary to finance (a) the development and operation of the Project such Project Financing Subsidiary was formed to develop or (b) activities incidental thereto; provided that such Indebtedness does not include recourse to the Guarantor or any of its other Subsidiaries other than (x) recourse to the Capital Stock in any such Project Financing Subsidiary, and (y) recourse pursuant to a Contingent Guaranty.

“**Project Financing Subsidiary**” means any Subsidiary of the Guarantor (a) that (i) is not a Material Subsidiary, and (ii) whose principal purpose is to develop a Project and activities incidental thereto (including, without limitation, the financing and operation of such Project), or to become a partner, member or other equity participant in a partnership, limited liability company or other entity having such a principal purpose, and (b) substantially all the assets of which are limited to the assets relating to the Project being developed or Capital Stock in such partnership, limited liability company or other entity (and substantially all of the assets of any such partnership, limited liability company or other entity are limited to the assets relating to such Project); provided that such Subsidiary incurs no Indebtedness other than in respect of a Project Financing.

“**Recipient**” means, as applicable, (a) the Administrative Agent and (b) any Lender.

“**Register**” has the meaning set forth in Section 11.04.

“ **Related Parties** ” means, with respect to any specified Person, such Person’s Affiliates and the respective directors, officers, employees, agents, advisors and representatives of such Person and such Person’s Affiliates.

“ **Required Lenders** ” means, subject to the terms of Section 2.20, Lenders having more than 50% in aggregate amount of the Commitments, or if the Commitments shall have been terminated, of the aggregate amount of the Outstanding Loans of all Lenders.

“ **Responsible Officer** ” of a Credit Party means any of (a) the President, the chief financial officer, the chief accounting officer and the Treasurer of such Credit Party and (b) any other officer of such Credit Party whose responsibilities include monitoring compliance with this Agreement.

“ **Sanctioned Country** ” means, at any time, a country, region or territory which is, or whose government is, the subject or target of any Sanctions.

“ **Sanctioned Person** ” means, at any time, (a) any Person that is the subject or target of Sanctions, (b) any Person operating, organized or resident in a Sanctioned Country or (c) any Person owned or controlled by any such Person.

“ **Sanctions** ” means economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by (a) the U.S. government, including those administered by OFAC or the U.S. Department of State or (b) the United Nations Security Council, the European Union, any member state of the European Union, or Her Majesty’s Treasury of the United Kingdom.

“ **S&P** ” means Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business, and any successor thereto.

“ **Subsidiary** ” means, with respect to any Person, any corporation or other entity of which at least a majority of the outstanding shares of stock or other ownership interests having by the terms thereof ordinary voting power to elect a majority of the Board of Directors of such corporation or other entity (irrespective of whether or not at the time stock or other equity interests of any other class or classes of such corporation or other entity shall have or might have voting power by reason of the happening of any contingency) is at the time directly or indirectly owned or controlled by such Person or one or more of the Subsidiaries of such Person.

“ **Substantial Subsidiaries** ” has the meaning set forth in Section 8.01.

“ **Syndication Agent** ” means JPMorgan Chase Bank, N.A., in its capacity as syndication agent for the Lenders hereunder.

“ **Taxes** ” means any and all present or future taxes, levies, imposts, duties, deductions, withholdings, assessments, fees or other charges imposed by any Governmental Authority,

including any interest, penalties and additions to tax imposed thereon or in connection therewith.

“ **Transactions** ” means the execution, delivery and performance by the Borrower and the Guarantor of this Agreement and the Borrowing of Loans hereunder.

“ **Type** ”, when used in reference to any Loan or Borrowing, refers to whether the rate of interest on such Loan, or on the Loans comprising such Borrowing, is determined by reference to the LIBO Rate or the Alternate Base Rate.

“ **Unused Fee** ” has the meaning assigned to such term in Section 2.12(a).

“ **U.S. Person** ” means any Person that is a “United States Person” as defined in Section 7701(a)(30) of the Code.

“ **U.S. Tax Compliance Certificate** ” has the meaning specified in Section 2.17(e).

“ **Utility Subsidiary** ” means a Subsidiary of the Guarantor that is subject to regulation by a Governmental Authority (federal, state or otherwise) having authority to regulate utilities, and any Wholly-Owned Subsidiary thereof.

“ **Wholly-Owned Subsidiary** ” means, with respect to any Person, any corporation or other entity of which all of the outstanding shares of stock or other ownership interests in which, other than directors’ qualifying shares (or the equivalent thereof), are at the time directly or indirectly owned or controlled by such Person or one or more of the Subsidiaries of such Person.

“ **Withdrawal Liability** ” means liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Sections 4201, 4203 and 4205 of ERISA.

“ **Withholding Agent** ” means any Credit Party and the Administrative Agent.

“ **Write-Down and Conversion Powers** ” means, with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule.

SECTION 1.02. Classification of Loans and Borrowings. *For purposes of this Agreement, Loans may be classified and referred to by Type (e.g., a “Eurodollar Loan”). Borrowings also may be classified and referred to by Type (e.g., a “Eurodollar Borrowing”).*

SECTION 1.03. Terms Generally. *The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include”, “includes” and “including” shall be deemed to be followed by the phrase “without limitation”. The word “or” shall not be exclusive. The word “will” shall be construed to have*

the same meaning and effect as the word “shall”. The word “law” shall be construed as referring to all statutes, rules, regulations, codes and other laws (including official rulings and interpretations thereunder having the force of law or with which affected Persons customarily comply), and all judgments, orders and decrees, of all Governmental Authorities. The word “regulation” shall be construed as referring to all regulations, rules, official directives, requests or guidelines (whether or not having the force of law) of any Governmental Authority. Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, restated, supplemented or otherwise modified (subject to any restrictions on such amendments, restatements, supplements or modifications set forth herein), (b) any definition of or reference to any statute, rule or regulation shall be construed as referring thereto as from time to time amended, supplemented or otherwise modified (including by succession of comparable successor laws), (c) any reference herein to any Person shall be construed to include such Person’s successors and assigns, (d) the words “herein”, “hereof” and “hereunder”, and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (e) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement and (f) the words “asset” and “property” shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights. The terms “knowledge of”, “awareness of” and “receipt of notice of” in relation to a Credit Party, and other similar expressions, mean knowledge of, awareness of, or receipt of notice by, a Responsible Officer of such Credit Party.

SECTION 1.04. Accounting Terms; GAAP. Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time; provided that, if the Borrower notifies the Administrative Agent that the Borrower requests an amendment to any provision hereof to eliminate the effect of any change occurring after the Effective Date in GAAP or in the application thereof on the operation of such provision (or if the Administrative Agent notifies the Borrower that the Required Lenders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith. Notwithstanding any other provision contained herein, all terms of an accounting or financial nature used herein shall be construed, and all computations of amounts and ratios referred to herein shall be made (i) without giving effect to any election under Accounting Standards Codification 825-10-25 (previously referred to as Statement of Financial Accounting Standards 159) (or any other Accounting Standards Codification or Financial Accounting Standard having a similar result or effect) to value any Indebtedness or other liabilities of the Borrower or any Subsidiary at “fair value”, as defined therein and (ii) without giving effect to any treatment of Indebtedness in respect of convertible debt instruments under Financial Accounting Standards Board Staff Position APB 14-1 to value any such Indebtedness in a reduced or bifurcated manner as described therein, and such Indebtedness shall at all times be valued at the full stated principal amount thereof.

Article II
THE CREDITS

SECTION 2.01. Commitments. *Subject to the terms and conditions set forth herein, each Lender severally agrees to make term loans to the Borrower in Dollars in not more than five draws from time to time during the Availability Period, in an aggregate principal amount not to exceed such Lender's then-remaining Commitment at such time. Amounts repaid or prepaid in respect of the Loans may not be reborrowed.*

SECTION 2.02. Loans and Borrowing; Request for Borrowing.

(a) Each Loan shall be made as part of a Borrowing consisting of Loans made by the Lenders ratably in accordance with their respective Commitments. The failure of any Lender to make any Loan required to be made by it shall not relieve any other Lender of its obligations hereunder; provided that the Commitments of the Lenders are several and no Lender shall be responsible for any other Lender's failure to make Loans as required.

(b) Subject to Section 2.14, each Borrowing shall be comprised entirely of ABR Loans or Eurodollar Loans or some combination thereof as the Borrower may request in accordance herewith. Each Lender at its option may make any Eurodollar Loan by causing any domestic or foreign branch or Affiliate of such Lender to make such Loan; provided that any exercise of such option shall not affect the obligation of the Borrower to repay such Loan in accordance with the terms of this Agreement.

(c) At the commencement of each Interest Period for any Eurodollar Borrowing, such Borrowing shall be in an aggregate amount that is an integral multiple of \$5,000,000 and not less than \$10,000,000. At the time that each ABR Borrowing is made, such Borrowing shall be in an aggregate amount that is an integral multiple of \$1,000,000; provided that an ABR Borrowing may be in an aggregate amount that is equal to the entire unused balance of the Aggregate Commitments. Borrowings of more than one Type may be outstanding at the same time; provided that there shall not at any time be more than a total of five Borrowings outstanding under this Agreement.

(d) To request a Borrowing, the Borrower shall notify the Administrative Agent of such request by telephone (i) in the case of a Eurodollar Borrowing, not later than 11:00 a.m., New York City time, three Business Days before the date of the proposed Borrowing; provided that, with respect to any Borrowing on the Effective Date, the Administrative Agent shall have received a written indemnification letter substantially consistent with the terms of Section 2.16 concurrently with such request; or (ii) in the case of an ABR Borrowing, not later than 11:00 a.m., New York City time, on the date of the proposed Borrowing. Subject to the terms of the preceding sentence, Borrowings on the Effective Date may be Eurodollar Borrowings. Such telephonic Borrowing Request shall be irrevocable and shall be confirmed promptly by hand delivery or telecopy to the Administrative Agent of a written Borrowing Request in substantially the form of Exhibit C (or such other form as shall be approved by the Administrative Agent) signed by an Authorized Officer of the Borrower. Each such telephonic and written Borrowing Request shall specify the following information:

- (i) the aggregate amount of the requested Borrowing;
- (ii) the date of such Borrowing, which shall be a Business Day;
- (iii) whether such Borrowing is to be an ABR Borrowing or a Eurodollar Borrowing and the aggregate amount of each Type of Borrowing (if applicable); and
- (iv) in the case of a Eurodollar Borrowing, the initial Interest Period to be applicable thereto, which shall be a period contemplated by the definition of the term “Interest Period”.

If no election as to the Type of Borrowing is specified, then the requested Borrowing shall be an ABR Borrowing. If no Interest Period is specified with respect to any requested Eurodollar Borrowing, then the Borrower shall be deemed to have selected an Interest Period of one month’s duration. Promptly following receipt of a Borrowing Request in accordance with this Section, the Administrative Agent shall advise each Lender of the details thereof and of the amount of such Lender’s Loan to be made as part of the requested Borrowing.

(e) Notwithstanding any other provision of this Agreement, the Borrower shall not be entitled to request, or to elect to convert or continue, any Eurodollar Borrowing if the Interest Period requested with respect thereto would end after the Maturity Date.

SECTION 2.03. [Intentionally Omitted].

SECTION 2.04. [Intentionally Omitted].

SECTION 2.05. Funding of Borrowings.

(a) Each Lender shall make each Loan to be made by it hereunder on the proposed date thereof by wire transfer of immediately available funds by 1:00 p.m., New York City time, to the account of the Administrative Agent designated by it for such purpose by notice to the Lenders. The Administrative Agent will make such Loans available to the Borrower by promptly crediting the amounts so received, in like funds, to an account established and maintained by the Borrower at the Administrative Agent’s office in New York City.

(b) Unless the Administrative Agent shall have received notice from a Lender prior to the proposed time of any Borrowing that such Lender will not make available to the Administrative Agent such Lender’s share of such Borrowing, the Administrative Agent may assume that such Lender has made such share available on such date in accordance with paragraph (a) of this Section and may, in reliance upon such assumption, make available to the Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Borrowing available to the Administrative Agent, then the applicable Lender and the Borrower severally agree to pay to the Administrative Agent forthwith on demand such corresponding amount with interest thereon, for each day from and including the date such amount is made available to the Borrower to but excluding the date of payment to the Administrative Agent, at (i) in the case of such Lender, the Federal Funds Effective Rate or (ii) in the case of the Borrower, the interest rate applicable to ABR

Loans. If such Lender pays such amount to the Administrative Agent, then such amount shall constitute such Lender's Loan included in such Borrowing.

SECTION 2.06. Interest Elections.

(a) Each Borrowing initially shall be of the Type or Types specified in the applicable Borrowing Request and, in the case of a Eurodollar Borrowing, shall have an initial Interest Period as specified in such Borrowing Request, subject to Section 2.02(d)(i). Thereafter, the Borrower may elect to convert such Borrowing to a different Type or to continue such Borrowing and, in the case of a Eurodollar Borrowing, may elect Interest Periods therefor, all as provided in this Section. The Borrower may elect different options with respect to different portions of the affected Borrowing, in which case each such portion shall be allocated ratably among the Lenders holding the Loans comprising such Borrowing, and the Loans comprising each such portion shall be considered a separate Borrowing.

(b) To make an election pursuant to this Section, the Borrower shall notify the Administrative Agent of such election by telephone by the time that a Borrowing Request would be required under Section 2.02 if the Borrower were requesting a Borrowing of the Type resulting from such election to be made on the effective date of such election; provided, however, with regard to any election pursuant to this Section 2.06 related to a Eurodollar Borrowing, notice of election shall be delivered not later than 11:00 a.m., New York City time, three Business Days prior to the effective date of such election. Each such telephonic Interest Election Request shall be irrevocable and shall be confirmed promptly by hand delivery or telecopy to the Administrative Agent of a written Interest Election Request in substantially the form of Exhibit G (or such other form as shall be approved by the Administrative Agent) and signed by the Borrower.

(c) Each telephonic and written Interest Election Request shall specify the following information in compliance with Section 2.02:

(i) the Borrowing to which such Interest Election Request applies and, if different options are being elected with respect to different portions of such Borrowing, the portions thereof to be allocated to each resulting Type of Borrowing (in which case the information to be specified pursuant to clauses (iii) and (iv) below shall be specified for each resulting Borrowing);

(ii) the effective date of the election made pursuant to such Interest Election Request, which shall be a Business Day;

(iii) whether the resulting Borrowing is to be an ABR Borrowing or a Eurodollar Borrowing; and

(iv) if the resulting Borrowing is a Eurodollar Borrowing, the Interest Period to be applicable thereto after giving effect to such election, which shall be a period contemplated by the definition of the term "Interest Period".

If any such Interest Election Request requests a Eurodollar Borrowing but does not specify an Interest Period, then the Borrower shall be deemed to have selected an Interest Period of one month's duration.

(d) Promptly following receipt of an Interest Election Request, the Administrative Agent shall advise each Lender of the details thereof and of such Lender's portion of each resulting Type of Borrowing.

(e) If the Borrower fails to deliver a timely Interest Election Request with respect to a Eurodollar Borrowing prior to the end of the Interest Period applicable thereto, then, unless such Borrowing is repaid as provided herein, at the end of such Interest Period such Borrowing shall be converted to an ABR Borrowing. Notwithstanding any contrary provision hereof, if an Event of Default has occurred and is continuing and the Administrative Agent, at the request of the Required Lenders, so notifies the Borrower, then, so long as an Event of Default is continuing (i) no outstanding Borrowing may be converted to or continued as a Eurodollar Borrowing and (ii) unless repaid, each Eurodollar Borrowing shall be converted to an ABR Borrowing at the end of the Interest Period applicable thereto.

SECTION 2.07. Termination of Commitments. Unless previously terminated, the Commitments shall (a) terminate and be reduced to zero automatically and permanently at 5 p.m. New York City time on September 30, 2016 (after giving effect to any Loans to be advanced on such date) or, if earlier, concurrently with the funding of all of the Lenders' unadvanced Commitments and (b) reduce in an amount equal to each Lender's Applicable Percentage of each Loan concurrently with the funding thereof by such Lender.

SECTION 2.08. [Reserved].

SECTION 2.09. Optional Reduction or Termination of Commitments.

(a) The Borrower may at any time terminate, or from time to time reduce, the Commitments; provided that each reduction of the Commitments shall be in an amount that is an integral multiple of \$5,000,000.

(b) The Borrower shall notify the Administrative Agent of any election to terminate or reduce the Commitments under Section 2.09(a) at least five Business Days prior to the effective date of such termination or reduction, specifying such election and the effective date thereof. Promptly following receipt of any notice, the Administrative Agent shall advise the Lenders of the contents thereof. Each notice delivered by the Borrower pursuant to this Section shall be irrevocable; provided that a notice of termination of the Commitments delivered by the Borrower may state that such notice is conditioned upon the effectiveness of other credit facilities, in which case such notice may be revoked by the Borrower (by notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied. Any termination or reduction of the Commitments shall be permanent.

(c) Each reduction of the Commitments pursuant to this Section 2.09 shall be made ratably among the Lenders in accordance with their respective Commitments immediately preceding such reduction.

SECTION 2.10. Repayment of Loans; Evidence of Debt.

(a) The Borrower hereby unconditionally promises to pay to the Administrative Agent for the account of each Lender the then unpaid principal amount of each Loan on the Maturity Date.

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to such Lender resulting from the Loans made by such Lender, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(c) The Administrative Agent shall maintain accounts in which it shall record (i) the amount of each Loan made hereunder, the Type thereof and the Interest Period applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder and (iii) the amount of any sum received by the Administrative Agent hereunder for the account of the Lenders and each Lender's share thereof.

(d) The Register and the corresponding entries made in the accounts maintained pursuant to paragraph (b) or (c) of this Section shall be *prima facie* evidence of the existence and amounts of the obligations recorded therein; provided that the failure of any Lender or the Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrower to repay the Loans in accordance with the terms of this Agreement.

(e) Any Lender may request that Loans made by it be evidenced by a promissory note. In such event, the Borrower shall prepare, execute and deliver to such Lender a promissory note payable to such Lender and its registered assigns and in substantially the form of Exhibit F. Thereafter, the Loans evidenced by such promissory note and interest thereon shall at all times (including after assignment pursuant to Section 11.04) be represented by one or more promissory notes in such form payable to the payee named therein and its registered assigns.

SECTION 2.11. Optional Prepayment of Loans.

(a) The Borrower shall have the right at any time and from time to time to prepay any Borrowing in whole or in part, subject to prior notice in accordance with paragraph (b) of this Section.

(b) The Borrower shall notify the Administrative Agent by telephone (confirmed by telecopy) of any prepayment hereunder (i) in the case of prepayment of a Eurodollar Borrowing, not later than 11:00 a.m., New York City time, three Business Days before the date of prepayment or (ii) in the case of prepayment of an ABR Borrowing, not later than 11:00 a.m., New York City time, one Business Day before the date of prepayment. Each such notice shall be irrevocable and shall specify the prepayment date and the principal amount of each Borrowing or portion thereof to be prepaid; provided that, if a notice of prepayment is given in connection with a conditional

notice of termination of the Commitments as contemplated by Section 2.09, then such notice of prepayment may be revoked if such notice of termination is revoked in accordance with Section 2.09. Each such telephonic notice of prepayment shall be confirmed promptly by hand delivery or teletype to the Administrative Agent of a prepayment notice in substantially the form of Exhibit H (or such other form as shall be approved by the Administrative Agent) and signed by the Borrower. Promptly following receipt of any such notice relating to a Borrowing, the Administrative Agent shall advise the Lenders of the contents thereof. Each partial prepayment of any Borrowing shall be in an amount that would be permitted in the case of an advance of a Borrowing of the same Type as provided in Section 2.02, it being understood that the foregoing minimum shall not apply to the prepayment in whole of the outstanding Loans of all Lenders. Each prepayment of a Borrowing shall be applied ratably to the Loans included in the prepaid Borrowing. Prepayments shall be accompanied by accrued interest to the extent required by Section 2.13 and by any amounts payable under Section 2.16 in connection with such prepayment.

SECTION 2.12. Fees.

(a) The Borrower agrees to pay to the Administrative Agent for the account of each Lender an unused fee (the “Unused Fees”), which shall accrue at the applicable rate set forth under the heading “Unused Fees” on the Pricing Grid on the average daily amount of the unused Commitment of such Lender during the period from and including the Effective Date to but excluding the date on which all or any portion of such Commitment terminates. Accrued Unused Fees shall be payable in arrears on the last day of March, June, September and December of each year and on the date on which all or any portion of the Commitments terminate, commencing on the first such date to occur after the date hereof. All Unused Fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

(b) The Borrower agrees to pay to the Arrangers and the Administrative Agent, in each case, for its own account and for the account of the other Persons entitled thereto, the fees provided for in the applicable fee letters dated March 8, 2016, executed and delivered with respect to the term loan facility provided for herein, in each case, in the amounts and at the times set forth therein and in immediately available funds. All fees payable hereunder shall be paid in immediately available funds. Fees due and paid shall not be refundable under any circumstances.

SECTION 2.13. Interest.

(a) The Loans comprising each ABR Borrowing shall bear interest at a rate *per annum* equal to the Alternate Base Rate plus the Applicable Rate.

(b) The Loans comprising each Eurodollar Borrowing shall bear interest at a rate *per annum* equal to the LIBO Rate for the Interest Period in effect for such Borrowing plus the Applicable Rate.

(c) Notwithstanding the foregoing, if any principal of or interest on any Loan or any fee or other amount payable by the Borrower hereunder is not paid when due, whether at stated maturity, upon acceleration or otherwise, such overdue amount shall bear interest, after as well as before

judgment, at a rate *per annum* equal to (i) in the case of overdue principal of any Loan, 2% plus the rate otherwise applicable to such Loan as provided above or (ii) in the case of any other amount, 2% plus the rate applicable to ABR Loans as provided above.

(d) Accrued interest on each Loan shall be payable in arrears on each Interest Payment Date for such Loan; provided that (i) interest accrued pursuant to paragraph (c) of this Section shall be payable on demand, (ii) in the event of any repayment or prepayment of any Loan, accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment, (iii) in the event of any conversion of any Eurodollar Loan prior to the end of the current Interest Period therefor, accrued interest on such Loan shall be payable on the effective date of such conversion and (iv) all accrued interest shall be payable upon termination of the Commitments.

(e) All interest hereunder shall be computed on the basis of a year of 360 days, except that interest computed by reference to the Alternate Base Rate at times when the Alternate Base Rate is based on the Prime Rate shall be computed on the basis of a year of 365 days (or 366 days in a leap year), and in each case shall be payable for the actual number of days elapsed (including the first day but excluding the last day). The applicable Alternate Base Rate or LIBO Rate shall be determined by the Administrative Agent, and such determination shall be conclusive absent manifest error.

SECTION 2.14. *Alternate Rate of Interest. If prior to the commencement of any Interest Period for a Eurodollar Borrowing:*

(a) the Administrative Agent reasonably determines (which determination shall be conclusive absent manifest error) that adequate and reasonable means do not exist for ascertaining the LIBO Rate for such Interest Period; or

(b) the Administrative Agent is advised by the Required Lenders that the LIBO Rate for such Interest Period will not adequately and fairly reflect the cost to such Lenders of making or maintaining their Loans included in such Borrowing for such Interest Period;

then the Administrative Agent shall give notice thereof to the Borrower and the Lenders by telephone or telecopy as promptly as practicable thereafter and, until the Administrative Agent notifies the Borrower and the Lenders that the circumstances giving rise to such notice no longer exist, (i) any Interest Election Request that requests the conversion of any Borrowing to, or continuation of any Borrowing as, a Eurodollar Borrowing shall be ineffective and (ii) if any Borrowing Request requests a Eurodollar Borrowing, such Borrowing shall be made as an ABR Borrowing.

SECTION 2.15. *Increased Costs.*

(a) If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit, liquidity, compulsory loan, insurance charge or similar assessment or requirement against assets of, deposits with or for the account of, or credit extended by, any Lender (except any such reserve requirement described in paragraph (e) of this Section);

(ii) impose on any Lender or the London interbank market any other condition affecting this Agreement or Eurodollar Loans made by such Lender or participation therein; or

(iii) subject the Administrative Agent or any Lender to any Taxes (other than (A) Indemnified Taxes, (B) Taxes described in clauses (b) through (d) of the definition of Excluded Taxes and (C) Connection Income Taxes) on its loans, loan principal, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto;

and the result of any of the foregoing shall be to increase the cost to the Administrative Agent or such Lender of making, continuing, converting to or maintaining any Loan (or of maintaining its obligation to make any such Loan) or to reduce the amount of any sum received or receivable by the Administrative Agent or such Lender hereunder (whether of principal, interest or otherwise), then the Borrower will pay to the Administrative Agent or such Lender, as the case may be, such additional amount or amounts as will compensate the Administrative Agent or such Lender for such additional costs incurred or reduction suffered.

(b) If any Lender determines that any Change in Law regarding capital or liquidity requirements has or would have the effect of reducing the rate of return on such Lender's capital or on the capital of its holding company, if any, as a consequence of this Agreement to a level below that which such Lender or its holding company could have achieved but for such Change in Law (taking into consideration its policies and the policies of its holding company with respect to capital adequacy and liquidity), then from time to time the Borrower will pay to such Lender such additional amount or amounts as will compensate it or its holding company for any such reduction suffered.

(c) A certificate of a Lender setting forth the amount or amounts necessary to compensate it or its holding company as specified in paragraph (a) or (b) of this Section shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay the amount shown as due on any such certificate within 10 days after receipt thereof.

(d) Failure or delay on the part of any Lender to demand compensation pursuant to this Section shall not constitute a waiver of its right to demand such compensation; provided that the Borrower shall not be required to compensate a Lender pursuant to this Section for any increased costs or reductions incurred more than ninety days prior to the date that such Lender notifies the Borrower of the Change in Law giving rise to such increased costs or reductions and of its intention to claim compensation therefor; provided, further that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the ninety day period referred to above shall be extended to include the period of retroactive effect thereof.

(e) The Borrower shall pay (without duplication as to amounts paid under this Section 2.15) to each Lender, so long as such Lender shall be required under regulations of the Board to maintain reserves with respect to liabilities or assets consisting of or including Eurocurrency Liabilities, additional interest on the unpaid principal amount of each Eurodollar Loan of such Lender, from the date of such Loan until such principal amount is paid in full, at an interest rate per annum equal at all times to the remainder obtained by subtracting (i) the LIBO Rate for the Interest Period for

such Loan from (ii) the rate obtained by dividing such LIBO Rate by a percentage equal to 100% minus the Eurodollar Rate Reserve Percentage of such Lender for such Interest Period, payable on each date on which interest is payable on such Loan. Such additional interest determined by such Lender and notified to the Borrower and the Administrative Agent, accompanied by the calculation of the amount thereof, shall be conclusive and binding for all purposes absent manifest error.

(f) If any Lender determines that any law has made it unlawful, or that any Governmental Authority has asserted that it is unlawful, for any Lender or its applicable lending office to make, maintain or fund Eurodollar Loans, or to determine or charge interest rates based upon the LIBO Rate, or any Governmental Authority has imposed material restrictions on the authority of such Lender to purchase or sell, or to take deposits of, Dollars in the London interbank market, then, on notice thereof by such Lender to the Borrower through the Administrative Agent, any obligation of such Lender to make or continue Eurodollar Loans or to convert ABR Loans to Eurodollar Loans shall be suspended until such Lender notifies the Administrative Agent and the Borrower that the circumstances giving rise to such determination no longer exist. Upon receipt of such notice, the Borrower shall, upon demand from such Lender (with a copy to the Administrative Agent), prepay or, if applicable, convert all Eurodollar Loans of such Lender to ABR Loans, either on the last day of the Interest Period therefor, if such Lender may lawfully continue to maintain such Eurodollar Loans to such day, or immediately, if such Lender may not lawfully continue to maintain such Eurodollar Loans. Upon any such prepayment or conversion, the Borrower shall also pay accrued interest on the amount so prepaid or converted.

SECTION 2.16. Break Funding Payments. In the event of (a) the payment of any principal of any Eurodollar Loan other than on the last day of an Interest Period applicable thereto (including as a result of an Event of Default, acceleration or otherwise), (b) the conversion of any Eurodollar Loan other than on the last day of the Interest Period applicable thereto, (c) the failure to borrow, convert, continue or prepay any Loan on the date specified in any notice delivered pursuant hereto (regardless of whether such notice is permitted to be revocable under Section 2.11(b) and is revoked in accordance therewith), or (d) the assignment of any Eurodollar Loan other than on the last day of the Interest Period applicable thereto as a result of a request by the Borrower pursuant to Section 2.19, then, in any such event, the Borrower shall compensate each Lender for the loss, cost and expense attributable to such event. In the case of a Eurodollar Loan, the loss to any Lender attributable to any such event shall be deemed to include an amount reasonably determined by such Lender to be equal to the excess, if any, of (x) the amount of interest that such Lender would pay for a deposit equal to the principal amount of such Loan for the period from the date of such payment, conversion, failure or assignment to the last day of the then current Interest Period for such Loan (or, in the case of a failure to borrow, convert or continue, the duration of the Interest Period that would have resulted from such borrowing, conversion or continuation) if the interest rate payable on such deposit were equal to the LIBO Rate for such Interest Period, over (y) the amount of interest that such Lender would earn on such principal amount for such period if such Lender were to invest such principal amount for such period at the interest rate that would be bid by such Lender (or an affiliate of such Lender) for dollar deposit from other banks in the eurodollar market at the commencement of such period. A certificate of any Lender setting forth any amount or amounts that such Lender is entitled to receive pursuant to this Section shall be delivered to the Borrower and shall be conclusive absent

manifest error. The Borrower shall pay such Lender the amount shown as due on any such certificate within 10 days after receipt thereof.

SECTION 2.17. Taxes.

(a) Any and all payments by or on account of any obligation of the Borrower hereunder shall be made free and clear of and without deduction for any Taxes, except as required by applicable law. If any applicable law (as determined in the good faith discretion of an applicable Withholding Agent) requires the deduction or withholding of any Tax from any such payment by a Withholding Agent, then (i) the applicable Withholding Agent shall be entitled to make such deduction or withholding and timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with applicable law, and (ii) if such Tax is an Indemnified Tax, then the amount payable shall be increased as necessary so that after making all required deductions (including deductions and withholdings of Indemnified Taxes applicable to additional sums payable under this Section) the applicable Recipient receives an amount equal to the sum it would have received had no such deductions or withholdings been made.

(b) In addition, the Borrower shall pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law.

(c) The Borrower shall indemnify each Recipient, within 10 days after written demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section) paid by such Recipient and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by a Lender or by the Administrative Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.

(d) As soon as practicable after any payment of Indemnified Taxes by a Credit Party to a Governmental Authority, such Credit Party shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(e)

(i) Any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Credit Document shall deliver to the Borrower and the Administrative Agent, at the time or times reasonably requested by the Borrower or the Administrative Agent, such properly completed and executed documentation reasonably requested by the Borrower or the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by the Borrower or the Administrative Agent, shall deliver such other documentation prescribed by applicable law or reasonably requested by the Borrower or the Administrative Agent as will enable the Borrower or the Administrative Agent to determine

whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Section 2.17(e)(ii)(A) and (ii)(B) and Section 2.17(f) below) shall not be required if in the Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

(ii) Without limiting the generality of the foregoing,

(A) any Lender that is a U.S. Person shall deliver to the Borrower and the Administrative Agent on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), executed copies of IRS Form W-9 certifying that such Lender is exempt from U.S. federal backup withholding tax;

(B) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), whichever of the following is applicable:

(1) in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Credit Document, executed copies of IRS Form W-8BEN or IRS Form W-8BEN-E (as applicable) establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "interest" article of such tax treaty and (y) with respect to any other applicable payments under any Credit Document, IRS Form W-8BEN or IRS Form W-8BEN-E (as applicable) establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "business profits" or "other income" article of such tax treaty;

(2) executed copies of IRS Form W-8ECI;

(3) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate substantially in the form of Exhibit I-1 to the effect that such Foreign Lender is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, a "10 percent shareholder" of the Borrower within the meaning of Section 881(c)(3)(B) of the Code, or a "controlled foreign corporation" described in Section 881(c)(3)(C) of the Code (a "U.S. Tax Compliance Certificate") and (y) executed copies of IRS Form W-8BEN or IRS Form W-8BEN-E (as applicable); or

(4) to the extent a Foreign Lender is not the beneficial owner, executed copies of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN, IRS Form W-8BEN-E, a U.S. Tax Compliance Certificate substantially in the form of Exhibit I-2 or Exhibit I-3, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Foreign Lender is a partnership and one or more direct or indirect partners of such Foreign Lender are claiming the portfolio interest exemption, such Foreign Lender may provide a U.S. Tax Compliance Certificate substantially in the form of Exhibit I-4 on behalf of each such direct and indirect partner; and

(C) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), executed copies of any other form prescribed by applicable law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable law to permit the Borrower or the Administrative Agent to determine the withholding or deduction required to be made.

Each Lender agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Borrower and the Administrative Agent in writing of its legal inability to do so.

(f) If a payment made to a Lender under any Credit Document would be subject to U.S. Federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Borrower and the Administrative Agent at the time or times prescribed by Law and at such time or times reasonably requested by the Borrower or the Administrative Agent such documentation prescribed by applicable Law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrower or the Administrative Agent as may be necessary for the Borrower and the Administrative Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this Section 2.17(f), "FATCA" shall include any amendments made to FATCA after the date of this Agreement. Each Lender agrees that if any documentation it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such documentation or promptly notify the Borrower and the Administrative Agent in writing of its legal inability to do so.

(g) If any party determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this Section 2.17 (including

by the payment of additional amounts pursuant to this Section 2.17), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made under this Section with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this Section 2.17(g) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this Section 2.17(g), in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this Section 2.17(g) the payment of which would place the indemnified party in a less favorable net after-Tax position than the indemnified party would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This paragraph shall not be construed to require any indemnified party to make available its tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

(h) For purposes of this Section 2.17, the term “applicable law” includes FATCA.

SECTION 2.18. Payments Generally; Pro Rata Treatment; Sharing of Set-Offs.

(a) The Borrower shall make each payment required to be made by it hereunder (whether of principal, interest or fees, or under Section 2.15, 2.16, 2.17 or 11.03, or otherwise) prior to 12:00 noon, New York City time, on the date when due, in immediately available funds, without set-off or counterclaim. Any amounts received after such time on any date may, in the discretion of the Administrative Agent, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made to the Administrative Agent at its office listed in Section 11.01(b), except that payments pursuant to Sections 2.15, 2.16, 2.17 and 11.03 shall be made directly to the Persons entitled thereto. The Administrative Agent shall distribute any such payments received by it for the account of any other Person to the appropriate recipient promptly following receipt thereof. If any payment hereunder shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day, and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension. All payments hereunder shall be made in Dollars.

(b) If at any time insufficient funds are received by and available to the Administrative Agent to pay fully all amounts of principal, interest and fees then due hereunder, such funds shall be applied (i) first, to pay interest and fees then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of interest and fees then due to such parties, and (ii) second, to pay principal then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of principal then due to such parties.

(c) If any Lender shall, by exercising any right of set-off or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of the Obligations owing to it resulting in such Lender receiving payment of a greater proportion of the aggregate amount of such

Obligations and accrued interest thereon than the proportion received by any other Lender, then the Lender receiving such greater proportion shall purchase (for cash at face value) participations in the Loans of, or other Obligations owing to, other Lenders to the extent necessary so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Loans or other Obligations, as applicable; provided that (i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest, and (ii) the provisions of this paragraph shall not be construed to apply to any payment made by the Borrower pursuant to and in accordance with the express terms of this Agreement or any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans to any assignee or participant, other than to the Guarantor, the Borrower or any other Subsidiary or Affiliate of the Guarantor (as to which the provisions of this paragraph shall apply). The Borrower and the Guarantor consent to the foregoing and agree, to the extent they may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against the Borrower and the Guarantor rights of set-off and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of the Borrower or the affected Guarantor in the amount of such participation.

(d) Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders hereunder that the Borrower will not make such payment, the Administrative Agent may assume that the Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders the amount due. In such event, if the Borrower has not in fact made such payment, then each of the Lenders severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the Federal Funds Effective Rate.

(e) If any Lender shall fail to make any payment required to be made by it pursuant to Section 2.05(b) or 2.18(d), then the Administrative Agent may, in its discretion (notwithstanding any contrary provision hereof), apply any amounts thereafter received by the Administrative Agent for the account of such Lender to satisfy such Lender's obligations under such Sections until all such unsatisfied obligations are fully paid.

(f) None of the funds or assets of the Borrower that are used to pay any amount due pursuant to this Agreement shall constitute funds obtained from transactions with or relating to Anti-Corruption Laws or Sanctions.

SECTION 2.19. Mitigation Obligations; Replacement of Lenders.

(a) Any Lender claiming reimbursement or compensation from the Borrower under either of Sections 2.15 and 2.17 for any losses, costs or other liabilities shall use reasonable efforts (including, without limitation, reasonable efforts to designate a different lending office of such Lender for funding or booking its Loans or to assign its rights and obligations hereunder to another of its offices, branches or affiliates) to mitigate the amount of such losses, costs and other liabilities,

if such efforts can be made and such mitigation can be accomplished without such Lender suffering (i) any economic disadvantage for which such Lender does not receive full indemnity from the Borrower under this Agreement or (ii) otherwise be disadvantageous to such Lender.

(b) In determining the amount of any claim for reimbursement or compensation under Sections 2.15 and 2.17, each Lender will use reasonable methods of calculation consistent with such methods customarily employed by such Lender in similar situations.

(c) Each Lender will notify the Borrower either directly or through the Administrative Agent of any event giving rise to a claim under Section 2.15 or Section 2.17 promptly after the occurrence thereof which notice shall be accompanied by a certificate of such Lender setting forth in reasonable detail the circumstances of such claim.

(d) If any Lender requests compensation under Section 2.15, or if the Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.17, or if any Lender becomes a Defaulting Lender, then the Borrower may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in Section 11.04, provided that the Administrative Agent may, in its sole discretion, elect to waive the \$3,500 processing and recordation fee in connection therewith), all its interests, rights and obligations under this Agreement to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); provided that (i) the Borrower shall have received the prior written consent of the Administrative Agent, which consent shall not unreasonably be withheld, (ii) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder, from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other amounts) and (iii) in the case of any such assignment resulting from a claim for compensation under Section 2.15 or payments required to be made pursuant to Section 2.17, such assignment will result in a reduction in such compensation or payments. A Lender shall not be required to make any such assignment and delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply.

SECTION 2.20. Defaulting Lenders. Notwithstanding any provision of this Agreement to the contrary, if any Lender becomes a Defaulting Lender, then the following provisions shall apply for so long as such Lender is a Defaulting Lender:

(a) fees shall cease to accrue on the Commitment of such Defaulting Lender pursuant to Section 2.12(a); and

(b) the Commitment and the Outstanding Loans of such Defaulting Lender shall not be included in determining whether the Required Lenders have taken or may take any action hereunder (including any consent to any amendment, waiver or other modification pursuant to Section 11.02); provided, that this Section 2.20 shall not apply to the vote of a Defaulting Lender in the case of an amendment, waiver or other modification requiring the consent of such Lender or each Lender affected thereby.

In the event that the Administrative Agent and the Borrower agree that a Defaulting Lender has adequately remedied all matters that caused such Lender to be a Defaulting Lender, then the Applicable Percentage of the Lenders shall be readjusted to reflect the inclusion of such Lender's Commitment and on such date such Lender shall purchase at par such of the Loans of the other Lenders as the Administrative Agent shall determine may be necessary in order for such Lender to hold such Loans in accordance with its Applicable Percentage.

**ARTICLE III
CONDITIONS**

SECTION 3.01. Conditions Precedent to the Effectiveness of this Agreement. This Agreement shall not become effective until the date on which each of the following conditions is satisfied (or waived in accordance with Section 11.02).

(f) The Administrative Agent (or its counsel) shall have received from each party thereto either (i) a counterpart of this Agreement signed on behalf of such party or (ii) written evidence satisfactory to the Administrative Agent (which may include facsimile or electronic transmission of a signed signature page of this Agreement) that such party has signed a counterpart of this Agreement.

(g) The Lenders, the Administrative Agent, the Arrangers and each other Person entitled to the payment of fees or the reimbursement or payment of expenses, pursuant hereto or to certain fee letters executed and delivered with respect to the term loan facility provided for herein, shall have received all fees required to be paid by the Effective Date (including, without limitation, all fees owing on the Effective Date under Section 2.12 hereof), and all expenses for which invoices have been presented on or before the Effective Date.

(h) The Administrative Agent shall have received certified copies of the resolutions of the Board of Directors of each of the Guarantor and the Borrower approving this Agreement, and of all documents evidencing other necessary corporate action and governmental and regulatory approvals with respect to this Agreement.

(i) The Administrative Agent shall have received from each of the Borrower and the Guarantor, to the extent generally available in the relevant jurisdiction, a copy of a certificate or certificates of the Secretary of State (or other appropriate public official) of the jurisdiction of its incorporation, dated reasonably near the Effective Date, (i) listing the charters of the Borrower or the Guarantor, as the case may be, and each amendment thereto on file in such office and certifying that such amendments are the only amendments to the Borrower's or the Guarantor's charter, as the case may be, on file in such office, and (ii) stating, in the case of the Borrower, that the Borrower is authorized to transact business under the laws of the jurisdiction of its place of incorporation, and, in the case of the Guarantor, that the Guarantor is duly incorporated and in good standing under the laws of the jurisdiction of its place of incorporation.

(j) (i) The Administrative Agent shall have received a certificate or certificates of each of the Borrower and the Guarantor, signed on behalf of the Borrower and the Guarantor respectively, by the Secretary, an Assistant Secretary or a Responsible Officer thereof, dated the Effective Date,

certifying as to (A) the absence of any amendments to the charter of the Borrower or the Guarantor, as the case may be, since the date of the certificates referred to in paragraph (d) above, (B) a true and correct copy of the bylaws of each of the Borrower or the Guarantor, as the case may be, as in effect on the Effective Date, (C) the absence of any proceeding for the dissolution or liquidation of the Borrower or the Guarantor, as the case may be, (D) the truth, in all material respects (provided that, in each case, such materiality qualifier shall not be applicable to any representations and warranties that are already qualified or modified by “materiality”, “Material Adverse Effect” or similar language in the text thereof), of the representations and warranties contained in the Credit Documents to which the Borrower or the Guarantor is a party, as the case may be, as though made on and as of the Effective Date and (E) the absence, as of the Effective Date, of any Default or Event of Default; and (ii) each of such certifications shall be true.

(k) The Administrative Agent shall have received a certificate of the Secretary or an Assistant Secretary of each of the Guarantor and the Borrower certifying the names and true signatures of the officers of Guarantor or the Borrower, as the case may be, authorized to sign, and signing, this Agreement and the other Credit Documents to be delivered hereunder on or before the Effective Date.

(l) The Administrative Agent shall have received from Schiff Hardin LLP, counsel for the Guarantor and the Borrower, a favorable opinion, substantially in the form of Exhibit B hereto and as to such other matters as any Lender through the Administrative Agent may reasonably request.

(m) The Administrative Agent and the Lenders shall have received, at least ten Business Days prior to the Effective Date (or such later date approved by the Administrative Agent) all documentation and other information that is required by the regulatory authorities under the applicable “know your customer” and anti-money laundering rules and regulations, including without limitation, the Act.

SECTION 3.02. Conditions Precedent to Each Extension of Credit. The obligation of each Lender to make any Extension of Credit (including the initial Extension of Credit but excluding any conversion or continuation of any Loan) shall be subject to the satisfaction (or waiver in accordance with Section 11.02) of each of the following conditions:

(a) The representations and warranties of the Guarantor and the Borrower set forth in this Agreement (other than the representation and warranty set forth in Section 4.01(f)) shall be true and correct in all material respects on and as of the date of such Extension of Credit, except to the extent that such representations and warranties are specifically limited to a prior date, in which case such representations and warranties shall be true and correct in all material respects on and as of such prior date provided, that, in each case, such materiality qualifier shall not be applicable to any representations and warranties that are already qualified or modified by “materiality,” “Material Adverse Effect” or similar language in the text thereof.

(b) Such Extension of Credit will comply with all other applicable requirements of Article II, including, without limitation Sections 2.01 and 2.02, as applicable.

(c) At the time of and immediately after giving effect to such Extension of Credit, no Default or Event of Default shall have occurred and be continuing.

(d) The Administrative Agent shall have timely received a Borrowing Request in accordance with Section 2.02(d).

Each Extension of Credit and the acceptance by the Borrower of the benefits thereof shall be deemed to constitute a representation and warranty by the Borrower on the date thereof as to the matters specified in paragraphs (a), (b) and (c) of this Section.

ARTICLE IV REPRESENTATIONS AND WARRANTIES

SECTION 4.01. *Representations and Warranties of the Credit Parties.* Each of the Borrower and the Guarantor represents and warrants as follows:

(e) Each of the Borrower and the Guarantor is a corporation duly organized, validly existing and, in the case of the Borrower, authorized to transact business under the laws of the State of its incorporation, and, in the case of the Guarantor, in good standing under the laws of the State of its incorporation.

(f) The execution, delivery and performance by each of the Credit Parties of the Credit Documents to which it is a party (i) are within such Credit Party's corporate powers, (ii) have been duly authorized by all necessary corporate action, (iii) do not contravene (A) such Credit Party's charter or by-laws, as the case may be, or (B) any law, rule or regulation, or any material Contractual Obligation or legal restriction, binding on or affecting such Credit Party or any Material Subsidiary, as the case may be, and (iv) do not require the creation of any Lien on the property of such Credit Party or any Material Subsidiary under any Contractual Obligation binding on or affecting such Credit Party or any Material Subsidiary.

(g) No authorization or approval or other action by, and no notice to or filing with, any Governmental Authority or other Person is required for the due execution, delivery and performance by any Credit Party of this Agreement or any other Credit Document to which any of them is a party, except for such as (i) have been obtained or made and that are in full force and effect or (ii) are not presently required under applicable law and have not yet been applied for.

(h) Each Credit Document to which any Credit Party is a party is a legal, valid and binding obligation of such Credit Party, enforceable against such Credit Party in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

(i) The consolidated balance sheet of the Guarantor and its Subsidiaries dated as of December 31, 2015, and the related statements of income, statements of cash flows and retained earnings of the Guarantor and its Subsidiaries for the fiscal year then ended, copies of which have been made available or furnished to each Lender, fairly present the financial condition of the

Guarantor and its Subsidiaries as at such date and the results of the operations of the Guarantor and its Subsidiaries for the period ended on such date, all in accordance with GAAP consistently applied.

(j) Since December 31, 2015, there has been no material adverse change in such condition or operations, or in the business, assets, operations, condition (financial or otherwise) or prospects of any of the Credit Parties.

(k) There is no pending or threatened action, proceeding or investigation affecting such Credit Party before any court, governmental agency or other Governmental Authority or arbitrator that (taking into account the exhaustion of appeals) would have a Material Adverse Effect, or that (i) purports to affect the legality, validity or enforceability of this Agreement or any promissory notes executed pursuant hereto, or (ii) seeks to prohibit the ownership or operation, by any Credit Party or any of their respective Material Subsidiaries, of all or a material portion of their respective businesses or assets.

(l) The Guarantor and its Subsidiaries, taken as a whole, do not hold or carry Margin Stock having an aggregate value in excess of 10% of the value of their consolidated assets, and no part of the proceeds of any Loan hereunder will be used to buy or carry any Margin Stock.

(m) No ERISA Event has occurred, or is reasonably expected to occur, with respect to any Plan that could reasonably be expected to have a Material Adverse Effect.

(n) Schedule SB (Actuarial Information) to the 2014 Annual report (Form 5500 Series) for each Plan, copies of which have been filed with the Internal Revenue Service and made available or furnished to each Lender, is complete and accurate and fairly presents the funding status of such Plan, and since the date of such Schedule SB there has been no adverse change in such funding status which may reasonably be expected to have a Material Adverse Effect.

(o) Neither the Guarantor nor any ERISA Affiliate has incurred or is reasonably expected to incur any Withdrawal Liability to any Multiemployer Plan which may reasonably be expected to have a Material Adverse Effect.

(p) Neither the Guarantor nor any ERISA Affiliate has been notified by the sponsor of a Multiemployer Plan that such Multiemployer Plan is in reorganization or has been terminated, within the meaning of Title IV of ERISA, and no Multiemployer Plan is reasonably expected to be in reorganization or to be terminated, within the meaning of Title IV of ERISA, in either such case, that could reasonably be expected to have a Material Adverse Effect.

(q) No Credit Party is an “investment company”, or a company “controlled” by an “investment company”, within the meaning of the Investment Company Act of 1940, as amended.

(r) Each Credit Party has filed all federal, state and other material income tax returns required to be filed by it and has paid or caused to be paid all taxes due for the periods covered thereby, including interest and penalties, except for any such taxes, interest or penalties which are being contested in good faith and by proper proceedings and in respect of which such Credit Party has set aside adequate reserves for the payment thereof in accordance with GAAP.

(s) Each Credit Party and its Subsidiaries are and have been in compliance with all laws (including, without limitation, all Environmental Laws), except to the extent that any failure to be in compliance, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

(t) No Subsidiary of any Credit Party is party to, or otherwise bound by, any agreement that prohibits such Subsidiary from making any payments, directly or indirectly, to such Credit Party, by way of dividends, advances, repayment of loans or advances, reimbursements of management or other intercompany charges, expenses and accruals or other returns on investment, or any other agreement that restricts the ability of such Subsidiary to make any payment, directly or indirectly, to such Credit Party, other than prohibitions and restrictions permitted to exist under Section 6.01(e).

(u) The information, exhibits and reports furnished by the Guarantor or any of its Subsidiaries to the Administrative Agent or to any Lender in connection with the negotiation of, or compliance with, the Credit Documents, taken as a whole, do not contain any material misstatement of fact and do not omit to state a material fact or any fact necessary to make the statements contained therein not misleading in light of the circumstances made.

(v) Each Credit Party and its Subsidiaries have implemented and maintain in effect policies and procedures reasonably designed to ensure compliance by each Credit Party and its Subsidiaries and their respective directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions, and each Credit Party and its Subsidiaries and their respective officers and employees and to the knowledge of such Credit Party and its Subsidiaries, its respective directors and agents, are in compliance with Anti-Corruption Laws and applicable Sanctions in all material respects. None of (a) the Credit Parties or its Subsidiaries or to the knowledge of such Credit Party or its Subsidiaries, any of their respective directors, officers or employees, or (b) to the knowledge of the Credit Parties, any agent of the Credit Parties or any of their respective Subsidiaries which agent will act in any capacity in connection with or benefit from the term loan facility established hereby, is a Sanctioned Person. No Borrowing, use of proceeds hereunder or other Transactions will violate Anti-Corruption Laws or applicable Sanctions.

ARTICLE V
AFFIRMATIVE COVENANTS

SECTION 5.01. Affirmative Covenants. So long as any Lender shall have any Commitment hereunder or any principal of any Loan, interest or fees payable hereunder shall remain unpaid, each of the Credit Parties will, unless the Required Lenders shall otherwise consent in writing:

(a) **Compliance with Laws, Etc.** (i) Comply, and cause each of its Subsidiaries to comply, in all material respects with all applicable laws, rules, regulations and orders (including, without limitation, any of the foregoing relating to employee health and safety or public utilities and all Environmental Laws), unless the failure to so comply could not reasonably be expected to have a Material Adverse Effect and (ii) maintain in effect and enforce policies and procedures reasonably

designed to ensure compliance by each Credit Party and its Subsidiaries and their respective directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions.

(b) **Maintenance of Properties, Etc.** Maintain and preserve, and cause each Material Subsidiary to maintain and preserve, all of its material properties which are used in the conduct of its business in good working order and condition, ordinary wear and tear excepted, if the failure to do so could reasonably be expected to have a Material Adverse Effect.

(c) **Payment of Taxes, Etc.** Pay and discharge, and cause each of its Subsidiaries to pay and discharge, before the same shall become delinquent, (i) except to the extent the failure to do so could not reasonably be expected to result in a Material Adverse Effect, all taxes, assessments and governmental charges or levies imposed upon it or upon its property, and (ii) all legal claims which, if unpaid, might by law become a lien upon its property; provided, however, that neither any Credit Party nor any of its Subsidiaries shall be required to pay or discharge any such tax, assessment, charge or claim which is being contested in good faith and by proper proceedings and as to which appropriate reserves are being maintained.

(d) **Maintenance of Insurance** . Maintain, and cause each of its Subsidiaries to maintain, insurance with responsible and reputable insurance companies or associations in such amounts and covering such risks as is usually obtained by companies engaged in similar businesses of comparable size and financial strength and owning similar properties in the same general areas in which such Credit Party or such Subsidiary operates, or, to the extent such Credit Party or Subsidiary deems it reasonably prudent to do so, through its own program of self-insurance.

(e) **Preservation of Corporate Existence, Etc.** Preserve and maintain, and cause each Material Subsidiary to preserve and maintain, its corporate existence, rights (charter and statutory) and franchises, except as otherwise permitted under this Agreement; provided that no such Person shall be required to preserve any right or franchise with respect to which the Board of Directors of such Person has determined that the preservation thereof is no longer desirable in the conduct of the business of such Person and that the loss thereof is not disadvantageous in any material respect to any Credit Party or the Lenders.

(f) **Visitation Rights** . At any reasonable time and from time to time, permit the Administrative Agent or any of the Lenders or any agents or representatives thereof, on not less than five Business Days' notice (which notice shall be required only so long as no Default shall be occurred and be continuing), to examine and make copies of and abstracts from the records and books of account of, and visit the properties of, such Credit Party or any of its Subsidiaries, and to discuss the affairs, finances and accounts of the Credit Parties and their respective Subsidiaries with any of their respective officers and with their independent certified public accountants; subject, however, in all cases to the imposition of such conditions as the affected Credit Party or Subsidiary shall deem necessary based on reasonable considerations of safety and security and provided that so long as no Default or Event of Default shall have occurred and be continuing, each Lender will be limited to one visit each year.

(g) **Keeping of Books** . (i) Keep, and cause each of its Subsidiaries to keep, proper books of record and account, in which full and correct entries shall be made of all material financial

transactions and the assets and business of each of the Credit Parties and each of their respective Subsidiaries, and (ii) maintain, and cause each of its Subsidiaries to maintain, a system of accounting established and administered in accordance with generally accepted accounting principles consistently applied.

(h) **Reporting Requirements** . Deliver to the Administrative Agent for distribution to the Lenders:

(i) as soon as available and in any event within 60 days after the end of each of the first three quarters of each fiscal year of the Guarantor (or, if earlier, concurrently with the filing thereof with the Securities and Exchange Commission or any national securities exchange in accordance with applicable law or regulation), commencing with the fiscal quarter ending March 31, 2016, balance sheets and cash flow statements of the Guarantor and its Consolidated Subsidiaries in comparative form as of the end of such quarter and statements of income and statements of common shareholders' equity of the Guarantor and its Consolidated Subsidiaries for the period commencing at the end of the previous fiscal year of the Guarantor and ending with the end of such quarter, each prepared in accordance with generally accepted accounting principles consistently applied, subject to normal year-end audit adjustments, certified by the chief financial officer of the Guarantor.

(ii) as soon as available and in any event within 90 days after the end of each fiscal year of the Guarantor (or, if earlier, concurrently with the filing thereof with the Securities and Exchange Commission or any national securities exchange in accordance with applicable law or regulation), commencing with the fiscal year ending December 31, 2016, a copy of the audit report for such year for the Guarantor and its Consolidated Subsidiaries containing balance sheets and cash flow statements of the Guarantor and its Consolidated Subsidiaries and statements of income and statements of common shareholders' equity of the Guarantor and its Consolidated Subsidiaries for such year prepared in accordance with generally accepted accounting principles consistently applied as reported on by independent certified public accountants of recognized national standing acceptable to the Required Lenders, which audit was conducted by such accounting firm in accordance with generally accepted auditing standards;

(iii) concurrently with the delivery of financial statements pursuant to clauses (i) and (ii) above or the notice relating thereto contemplated by the final sentence of this Section 5.01(h), a certificate of a senior financial officer of each of the Guarantor and the Borrower (A) to the effect that no Default or Event of Default has occurred and is continuing (or, if any Default or Event of Default has occurred and is continuing, describing the same in reasonable detail and describing the action that the Guarantor or the Borrower, as the case may be, has taken and proposes to take with respect thereto), and (B) in the case of the certificate relating to the Guarantor, setting forth calculations, in reasonable detail, establishing Borrower's compliance, as at the end of such fiscal quarter, with the financial covenant contained in Article VII;

(iv) as soon as possible and in any event within five days after the occurrence of each Default or Event of Default continuing on the date of such statement, a statement of

the chief financial officer of the Borrower setting forth details of such Event of Default or event and the action which the Borrower has taken and proposes to take with respect thereto;

(v) promptly after the sending or filing thereof, copies of all reports which the Guarantor sends to its stockholders, and copies of all reports and registration statements (other than registration statements filed on Form S-8) that the Guarantor, the Borrower or any Subsidiary of the Guarantor or the Borrower, files with the Securities and Exchange Commission;

(vi) promptly and in any event within 10 days after the Guarantor knows or has reason to know that any material ERISA Event has occurred, a statement of the chief financial officer of the Borrower describing such ERISA Event and the action, if any, which the Guarantor or any affected ERISA Affiliate proposes to take with respect thereto;

(vii) promptly and in any event within two Business Days after receipt thereof by the Guarantor (or knowledge being obtained by the Guarantor of the receipt thereof by any ERISA Affiliate), copies of each notice from the PBGC stating its intention to terminate any Plan or to have a trustee appointed to administer any Plan;

(viii) promptly and in any event within five Business Days after receipt thereof by the Guarantor (or knowledge being obtained by the Guarantor of the receipt thereof by any ERISA Affiliate) from the sponsor of a Multiemployer Plan, a copy of each notice received by the Guarantor or any ERISA Affiliate concerning (A) the imposition on the Guarantor or any ERISA Affiliate of material Withdrawal Liability by a Multiemployer Plan, (B) the reorganization or termination, within the meaning of Title IV of ERISA, of any Multiemployer Plan or (C) the amount of liability incurred, or which may be incurred, by the Guarantor or any ERISA Affiliate in connection with any event described in clause (A) or (B) above;

(ix) promptly after the Guarantor has knowledge of the commencement thereof, notice of any actions, suits and proceedings before any court or governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, affecting the Guarantor or any Material Subsidiary of the type described in Section 4.01(g);

(x) promptly after the Guarantor or the Borrower knows of any change in the rating of the Index Debt by S&P or Moody's, a notice of such changed rating; and

(xi) such other information respecting the condition or operations, financial or otherwise, of the Guarantor or any of its Subsidiaries as any Lender through the Administrative Agent may from time to time reasonably request.

Notwithstanding the foregoing, the Credit Parties' obligations to deliver the documents or information required under any of clauses (i), (ii) and (v) above shall be deemed to be satisfied upon (x) the relevant documents or information being publicly available on the Guarantor's website or other publicly available electronic medium (such as EDGAR) within the time period required by such clause, and (y) the delivery by the Guarantor or the Borrower of notice to the Administrative

Agent for distribution to the Lenders, within the time period required by such clause, that such documents or information are so available.

(i) **Use of Proceeds** . Use the proceeds of the Loans hereunder for capital expenditures, working capital and other general corporate purposes, including refinancing of existing indebtedness and not request any Borrowing, nor use, and shall procure that its Subsidiaries and its or their respective directors, officers, employees and agents shall not use, the proceeds of any Borrowing directly or indirectly (i) for the purpose of funding, financing or facilitating any acquisition for which the Board of Directors of the Person to be acquired (or whose assets are to be acquired) shall have indicated publicly its opposition to the consummation of such acquisition (which opposition has not been publicly withdrawn), (ii) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any Anti-Corruption Laws, (iii) for the purpose of funding, financing or facilitating any activities, business or transaction of or with any Sanctioned Person, or in any Sanctioned Country or (iv) in any manner that would result in the violation of any Sanctions applicable to any party hereto.

(j) **Ratings** . At all times maintain ratings by both Moody's and S&P with respect to the Index Debt.

ARTICLE VI NEGATIVE COVENANTS

SECTION 6.01. Negative Covenants. So long as any Lender shall have any Commitment hereunder or any principal of any Loan, interest or fees payable hereunder shall remain unpaid, no Credit Party will, without the written consent of the Required Lenders:

(c) **Limitation on Liens** . Create or suffer to exist, or permit any of its Subsidiaries (other than a Utility Subsidiary) to create or suffer to exist, any lien, security interest, or other charge or encumbrance (collectively, "**Liens**") upon or with respect to any of its properties, whether now owned or hereafter acquired, or collaterally assign for security purposes, or permit any of its Subsidiaries (other than a Utility Subsidiary) to so assign any right to receive income in each case to secure or provide for or guarantee the payment of Debt for Borrowed Money of any Person, without in any such case effectively securing, prior to or concurrently with the creation, issuance, assumption or guaranty of any such Debt for Borrowed Money, the Obligations (together with, if the Guarantor shall so determine, any other Debt for Borrowed Money of or guaranteed by the Guarantor or any of its Subsidiaries ranking equally with the Loans and then existing or thereafter created) equally and ratably with (or prior to) such Debt for Borrowed Money; provided, however, that the foregoing restrictions shall not apply to or prevent the creation or existence of:

(i) (A) Liens on any property acquired, constructed or improved by the Guarantor or any of its Subsidiaries (other than a Utility Subsidiary) after the date of this Agreement that are created or assumed prior to, contemporaneously with, or within 180 days after, such acquisition or completion of such construction or improvement, to secure or provide for the payment of all or any part of the purchase price of such property or the cost of such construction or improvement; or (B) in addition to Liens contemplated by clauses (ii) and (iii) below, Liens on any property existing at the time of acquisition thereof,

provided that the Liens shall not apply to any property theretofore owned by the Guarantor or any such Subsidiary other than, in the case of any such construction or improvement, (1) unimproved real property on which the property so constructed or the improvement is located, (2) other property (or improvements thereon) that is an improvement to or is acquired or constructed for specific use with such acquired or constructed property (or improvement thereof), and (3) any rights and interests (A) under any agreements or other documents relating to, or (B) appurtenant to, the property being so constructed or improved or such other property;

(ii) existing Liens on any property or indebtedness of a corporation that is merged with or into or consolidated with any Credit Party or any of its Subsidiaries; provided that such Lien was not created in contemplation of such merger or consolidation;

(iii) Liens on any property or indebtedness of a corporation existing at the time such corporation becomes a Subsidiary of any Credit Party; provided that such Lien was not created in contemplation of such occurrence;

(iv) Liens to secure Debt for Borrowed Money of a Subsidiary of a Credit Party to a Credit Party or to another Subsidiary of the Guarantor;

(v) Liens in favor of the United States of America, any State, any foreign country or any department, agency or instrumentality or political subdivision of any such jurisdiction, to secure partial, progress, advance or other payments pursuant to any contract or statute or to secure any Debt for Borrowed Money incurred for the purpose of financing all or any part of the purchase price of the cost of constructing or improving the property subject to such Liens, including, without limitation, Liens to secure Debt for Borrowed Money of the pollution control or industrial revenue bond type;

(vi) Liens on any property (including any natural gas, oil or other mineral property) to secure all or part of the cost of exploration, drilling or development thereof or to secure Debt for Borrowed Money incurred to provide funds for any such purpose;

(vii) Liens existing on the date of this Agreement;

(viii) Liens for the sole purposes of extending, renewing or replacing in whole or in part Debt for Borrowed Money secured by any Lien referred to in the foregoing clauses (i) through (vii), inclusive, or this clause (viii); provided, however, that the principal amount of Debt for Borrowed Money secured thereby shall not exceed the principal amount of Debt for Borrowed Money so secured at the time of such extension, renewal or replacement (which, for purposes of this limitation as it applies to a synthetic lease, shall be deemed to be (x) the lessor's original cost of the property subject to such lease at the time of extension, renewal or replacement, *less* (y) the aggregate amount of all prior payments under such lease allocated pursuant to the terms of such lease to reduce the principal amount of the lessor's investment, and borrowings by the lessor, made to fund the original cost of the property), and that such extension, renewal or replacement shall be limited to all or a part of the property

or indebtedness which secured the Lien so extended, renewed or replaced (plus improvements on such property);

(ix) Liens on any property or assets of a Project Financing Subsidiary, or on any Capital Stock in a Project Financing Subsidiary, in either such case, that secure only a Project Financing or a Contingent Guaranty that supports a Project Financing; or

(x) Any Lien, other than a Lien described in any of the foregoing clauses (i) through (ix), inclusive, to the extent that it secures Debt for Borrowed Money, or guaranties thereof, the outstanding principal balance of which at the time of creation of such Lien, when added to the aggregate principal balance of all Debt for Borrowed Money secured by Liens incurred under this clause (x) then outstanding, does not exceed \$150,000,000.

If at any time any Credit Party or any of its Subsidiaries shall create, issue, assume or guaranty any Debt for Borrowed Money secured by any Lien and the first paragraph of this Section 6.01(a) requires that the Loans be secured equally and ratably with such Debt for Borrowed Money, the Borrower shall promptly deliver to the Administrative Agent and each Lender:

(1) a certificate of a duly authorized officer of the Borrower stating that the covenant contained in the first paragraph of this Section 6.01(a) has been complied with; and

(2) an opinion of counsel acceptable to the Required Lenders to the effect that such covenant has been complied with and that all documents executed by any Credit Party or any of its Subsidiaries in the performance of such covenant comply with the requirements of such covenant.

(d) **Mergers, Etc.** Merge or consolidate with or into, or, except in a transaction permitted under paragraph (c) of this Section, convey, transfer, lease or otherwise dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired) to any Person, or permit any of its Subsidiaries to do so, except that:

(v) any Subsidiary of the Guarantor (other than the Borrower) may merge or consolidate with or transfer assets to or acquire assets from any other Subsidiary of the Guarantor; provided that in the case of any such merger, consolidation, or transfer of assets to which NIPSCO is a party, the continuing or surviving Person shall be a Wholly-Owned Subsidiary of the Guarantor; and

(vi) the Borrower may merge or consolidate with, or transfer assets to, or acquire assets from, any other Wholly-Owned Subsidiary of the Guarantor, provided, that in the case of any such merger or consolidation to which the Borrower is not the surviving Person, or transfer of all or substantially all of the assets of the Borrower to any other Wholly-Owned Subsidiary of the Guarantor, immediately after giving effect thereto, (A) no Event of Default shall have occurred and be continuing (determined, for purposes of compliance with Article VII after giving effect to such transaction, on a pro forma basis as if such transaction had occurred on the last day of the Guarantor's fiscal quarter then most recently ended), (B)

such surviving Person or transferee, as applicable, shall have assumed all of the obligations of the Borrower under and in respect of the Credit Documents by written instrument satisfactory to the Administrative Agent and its counsel in their reasonable discretion, accompanied by such opinions of counsel and other supporting documents as they may reasonably require and (C) such surviving Person or transferee, as applicable, shall be organized under the laws of the United States or any state thereof; and

(vii) any Subsidiary of the Guarantor may merge into the Guarantor or the Borrower or transfer assets to the Borrower or the Guarantor; provided that in the case of any merger or consolidation of the Borrower into the Guarantor or transfer of all or substantially all of the assets of the Borrower to the Guarantor, immediately after giving effect thereto, (A) no Event of Default shall have occurred and be continuing (determined, for purposes of compliance with Article VII after giving effect to such transaction, on a pro forma basis as if such transaction had occurred on the last day of the Guarantor's fiscal quarter then most recently ended) and (B) the Guarantor shall have assumed all of the obligations of the Borrower under and in respect of the Credit Documents by written instrument satisfactory to the Administrative Agent and its counsel in their reasonable discretion, accompanied by such opinions of counsel and other supporting documents as they may reasonably require; and

(viii) the Guarantor or any Subsidiary of the Guarantor may merge, or consolidate with or transfer all or substantially all of its assets to any other Person; provided that in each case under this clause (iii), immediately after giving effect thereto, (A) no Event of Default shall have occurred and be continuing (determined, for purposes of compliance with Article VII after giving effect to such transaction, on a pro forma basis as if such transaction had occurred on the last day of the Guarantor's fiscal quarter then most recently ended); (B) in the case of any such merger, consolidation or transfer of assets to which the Borrower is a party, the Borrower shall be the continuing or surviving corporation; (C) in the case of any such merger, consolidation, or transfer of assets to which NIPSCO is a party, NIPSCO shall be the continuing or surviving corporation and shall be a Wholly-Owned Subsidiary of the Guarantor; (D) in the case of any such merger, consolidation or transfer of assets to which the Guarantor is a party, the Guarantor shall be the continuing or surviving corporation; and (E) the Index Debt shall be rated at least BBB- by S&P and at least Baa3 by Moody's.

(e) **Sales, Etc. of Assets** . Sell, lease, transfer or otherwise dispose of, or permit any of their respective Subsidiaries to sell, lease, transfer or otherwise dispose of (other than in connection with a transaction authorized by paragraph (b) of this Section) any substantial part of its assets; provided that the foregoing shall not prohibit (i) the realization on a Lien permitted to exist under Section 6.01(a); (ii) any such sale, conveyance, lease, transfer or other disposition that (A) (1) is for a price not materially less than the fair market value of such assets, (2) would not materially impair the ability of any Credit Party to perform its obligations under this Agreement and (3) together with all other such sales, conveyances, leases, transfers and other dispositions, would have no Material Adverse Effect, or (B) would not result in the sale, lease, transfer or other disposition, in the aggregate, of more than 10% of the consolidated total assets of the Guarantor and its Subsidiaries, determined in accordance with GAAP, on December 31, 2015.

(f) **Compliance with ERISA** . (i) Terminate, or permit any ERISA Affiliate to terminate, any Plan so as to result in a Material Adverse Effect or (ii) permit to exist any occurrence of any Reportable Event (as defined in Title IV of ERISA), or any other event or condition, that presents a material (in the reasonable opinion of the Required Lenders) risk of such a termination by the PBGC of any Plan, if such termination could reasonably be expected to have a Material Adverse Effect.

(g) **Certain Restrictions** . Permit any of its Subsidiaries (other than, in the case of the Guarantor, the Borrower) to enter into or permit to exist any agreement that by its terms prohibits such Subsidiary from making any payments, directly or indirectly, to such Credit Party by way of dividends, advances, repayment of loans or advances, reimbursements of management or other intercompany charges, expenses and accruals or other returns on investment, or any other agreement that restricts the ability of such Subsidiary to make any payment, directly or indirectly, to such Credit Party; provided that the foregoing shall not apply to prohibitions and restrictions (i) imposed by applicable law, (ii) (A) imposed under an agreement in existence on the date of this Agreement, and (B) described on Schedule 6.01(e), (iii) existing with respect to a Subsidiary on the date it becomes a Subsidiary that are not created in contemplation thereof (but shall apply to any extension or renewal of, or any amendment or modification expanding the scope of, any such prohibition or restriction), (iv) contained in agreements relating to the sale of a Subsidiary pending such sale, provided that such prohibitions or restrictions apply only to the Subsidiary that is to be sold and such sale is permitted hereunder, (v) imposed on a Project Financing Subsidiary in connection with a Project Financing, or (vi) that could not reasonably be expected to have a Material Adverse Effect.

ARTICLE VII FINANCIAL COVENANT

So long as any Lender shall have any Commitment hereunder or any principal of any Loan, interest or fees payable hereunder shall remain unpaid, the Guarantor shall maintain a Debt to Capitalization Ratio of not more than 0.70 to 1.00.

ARTICLE VIII EVENTS OF DEFAULT

SECTION 8.01. Events of Default. If any of the following events (“*Events of Default*”) shall occur and be continuing:

- (a) The Borrower shall fail to pay any principal of any Loan when the same becomes due and payable or shall fail to pay any interest, fees or other amounts hereunder within three Business Days after when the same becomes due and payable; or
- (b) Any representation or warranty made by any Credit Party in any Credit Document or by any Credit Party (or any of its officers) in connection with this Agreement shall prove to have been incorrect in any material respect (or any such representation or warranty that was otherwise qualified by materiality shall prove to have been false or misleading in any respect) when made; or

(c) Any Credit Party shall fail to perform or observe any term, covenant or agreement contained in Section 5.01(e), 5.01(f), 5.01(h) (other than clause (y) of the last paragraph thereof), 5.01(i), 6.01 or Article VII; or

(d) Any Credit Party shall fail to perform or observe any term, covenant or agreement contained in any Credit Document on its part to be performed or observed (other than one identified in paragraph (a), (b) or (c) above) if the failure to perform or observe such other term, covenant or agreement shall remain unremedied for thirty days after written notice thereof shall have been given to the Borrower by the Administrative Agent or any Lender; or

(e) The Guarantor, the Borrower or any of their respective Subsidiaries shall fail to pay any principal of or premium or interest on any Indebtedness (excluding Non-Recourse Debt) which is outstanding in a principal amount of at least \$50,000,000 in the aggregate (but excluding the Loans) of the Guarantor, the Borrower or such Subsidiary, as the case may be, when the same becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise), and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such Indebtedness; or any other event shall occur or condition shall exist under any agreement or instrument relating to any such Indebtedness and shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such event or condition is to accelerate, or to permit the acceleration of, the scheduled maturity of such Indebtedness; or any such Indebtedness shall be declared to be due and payable, or required to be prepaid (other than by a regularly scheduled required prepayment), prior to the stated maturity thereof; or

(f) Any Credit Party shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors; or any proceeding shall be instituted by or against any Credit Party seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its property and, in the case of any such proceeding instituted against any Credit Party (but not instituted by any Credit Party), either such proceeding shall remain undismissed or unstayed for a period of 60 days, or any of the actions sought in such proceeding (including, without limitation, the entry of an order for relief against, or the appointment of a receiver, trustee, custodian or other similar official for, any Credit Party or for any substantial part of its property) shall occur; or any Credit Party shall take any corporate action to authorize any of the actions set forth above in this paragraph (f); or

(g) One or more Subsidiaries of the Guarantor (other than the Borrower) in which the aggregate sum of (i) the amounts invested by the Guarantor and its other Subsidiaries in the aggregate, by way of purchases of Capital Stock, Capital Leases, loans or otherwise, and (ii) the amount of recourse, whether contractual or as a matter of law (but excluding Non-Recourse Debt), available to creditors of such Subsidiary or Subsidiaries against the Guarantor or any of its other Subsidiaries, is \$100,000,000 or more (collectively, “**Substantial Subsidiaries**”) shall generally not

pay their respective debts as such debts become due, or shall admit in writing their respective inability to pay their debts generally, or shall make a general assignment for the benefit of creditors; or any proceeding shall be instituted by or against Substantial Subsidiaries seeking to adjudicate them bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of them or their respective debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for them or for any substantial part of their respective property and, in the case of any such proceeding instituted against Substantial Subsidiaries (but not instituted by the Guarantor or any Subsidiary of the Guarantor), either such proceeding shall remain undismitted or unstayed for a period of 60 days, or any of the actions sought in such proceeding (including, without limitation, the entry of an order for relief against, or the appointment of a receiver, trustee, custodian or other similar official for, the Substantial Subsidiaries or for any substantial part of their respective property) shall occur; or Substantial Subsidiaries shall take any corporate action to authorize any of the actions set forth above in this paragraph (g); or

(h) Any judgment or order for the payment of money in excess of \$50,000,000 shall be rendered against the Borrower, the Guarantor or any of its other Subsidiaries and either (i) enforcement proceedings shall have been commenced by any creditor upon such judgment or order or (ii) there shall be any period of 30 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or

(i) Any ERISA Event shall have occurred with respect to a Plan and, 30 days after notice thereof shall have been given to the Guarantor or the Borrower by the Administrative Agent, (i) such ERISA Event shall still exist and (ii) the sum (determined as of the date of occurrence of such ERISA Event) of the Insufficiency of such Plan and the Insufficiency of any and all other Plans with respect to which an ERISA Event shall have occurred and then exist (or, in the case of a Plan with respect to which an ERISA Event described in clauses (c) through (e) of the definition of ERISA Event shall have occurred and then exist, the liability related thereto) is equal to or greater than \$10,000,000 (when aggregated with paragraphs (j), (k) and (l) of this Section), and a Material Adverse Effect could reasonably be expected to occur as a result thereof; or

(j) The Guarantor or any ERISA Affiliate shall have been notified by the sponsor of a Multiemployer Plan that it has incurred Withdrawal Liability to such Multiemployer Plan in an amount which, when aggregated with all other amounts required to be paid to Multiemployer Plans by the Guarantor and its ERISA Affiliates as Withdrawal Liability (determined as of the date of such notification), exceeds \$10,000,000 or requires payments exceeding \$10,000,000 *per annum* (in either case, when aggregated with paragraphs (i), (k) and (l) of this Section), and a Material Adverse Effect could reasonably be expected to occur as a result thereof; or

(k) The Guarantor or any ERISA Affiliate shall have been notified by the sponsor of a Multiemployer Plan that such Multiemployer Plan is in reorganization or is being terminated, within the meaning of Title IV of ERISA, if as a result of such reorganization or termination the aggregate annual contributions of the Guarantor and its ERISA Affiliates to all Multiemployer Plans which are then in reorganization or being terminated have been or will be increased over the amounts

contributed to such Multiemployer Plans for the respective plan year of each such Multiemployer Plan immediately preceding the plan year in which the reorganization or termination occurs by an amount exceeding \$10,000,000 (when aggregated with paragraphs (i), (j) and (l) of this Section), and a Material Adverse Effect could reasonably be expected to occur as a result thereof; or

(l) The Guarantor or any ERISA Affiliate shall have committed a failure described in Section 303(k)(1) of ERISA and the amount determined under Section 303(k)(3) of ERISA is equal to or greater than \$10,000,000 (when aggregated with paragraphs (i), (j) and (k) of this Section), and a Material Adverse Effect could reasonably be expected to occur as a result thereof; or

(m) Any provision of the Credit Documents shall be held by a court of competent jurisdiction to be invalid or unenforceable against any Credit Party purported to be bound thereby, or any Credit Party shall so assert in writing; or

(n) Any Change of Control shall occur;

then, and in any such event, the Administrative Agent (i) shall at the request, or may with the consent, of the Required Lenders, by notice to the Borrower, declare the Commitment of each Lender to be terminated, whereupon the same shall forthwith terminate, and (ii) shall at the request or with the consent of the Required Lenders, by notice to the Borrower, declare all amounts payable under this Agreement to be forthwith due and payable, whereupon all such amounts shall become and be forthwith due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Borrower; provided that in the event of an actual or deemed entry of an order for relief with respect to any Credit Party under the Federal Bankruptcy Code, (1) the Commitment of each Lender hereunder shall automatically be terminated and (2) all such amounts shall automatically become and be due and payable, without presentment, demand, protest or any notice of any kind, all of which are hereby expressly waived by the Borrower.

ARTICLE IX THE ADMINISTRATIVE AGENT

SECTION 9.01. The Administrative Agent.

(a) Each of the Lenders hereby irrevocably appoints the Administrative Agent as its agent and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms hereof, together with such actions and powers as are reasonably incidental thereto.

(b) The Person serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent, and such bank and its Affiliates may accept deposits from, lend money to and generally engage in any kind of business with any Credit Party or any of such Credit Party's Subsidiaries or other Affiliates thereof as if it were not the Administrative Agent hereunder.

(c) The Administrative Agent shall not have any duties or obligations except those expressly set forth herein. Without limiting the generality of the foregoing, (i) the Administrative Agent shall

not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing, (ii) the Administrative Agent shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby that the Administrative Agent is required to exercise in writing by the Required Lenders, and (iii) except as expressly set forth herein, the Administrative Agent shall not have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Borrower, the Guarantor or any of its other Subsidiaries that is communicated to or obtained by the bank serving as Administrative Agent or any of its Affiliates in any capacity. The Administrative Agent shall not be liable for any action taken or not taken by it with the consent or at the request of the Required Lenders (or, if applicable, all of the Lenders) or in the absence of its own gross negligence or willful misconduct. The Administrative Agent shall be deemed not to have knowledge of any Default unless and until written notice thereof is given to the Administrative Agent by the Borrower or a Lender, and the Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (1) any statement, warranty or representation made in or in connection with this Agreement, (2) the contents of any certificate, report or other document delivered hereunder or in connection herewith, (3) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein, (4) the validity, enforceability, effectiveness or genuineness of this Agreement or any other agreement, instrument or document, or (5) the satisfaction of any condition set forth in Article III or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent and the conformity thereof to such express requirement.

(d) The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing believed by it to be genuine and to have been signed or sent by the proper Person. The Administrative Agent also may rely upon any statement made to it orally or by telephone and believed by it to be made by the proper Person, and shall not incur any liability for relying thereon. The Administrative Agent may consult with legal counsel (who may be counsel for a Credit Party) independent accountants and other experts selected by it and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

(e) The Administrative Agent may perform any and all its duties and exercise its rights and powers by or through any one or more sub-agents appointed by the Administrative Agent. The Administrative Agent and any such sub-agent may perform any and all its duties and exercise its rights and powers through their respective Related Parties. The exculpatory provisions of the preceding paragraphs shall apply to any such sub-agent and to the Related Parties of the Administrative Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the term loan facility provided for herein as well as activities as Administrative Agent.

(f) Subject to the appointment and acceptance of a successor Administrative Agent as provided in this paragraph, the Administrative Agent may resign at any time by notifying the Lenders and the Credit Parties. Upon any such resignation, the Required Lenders shall have the right, with the consent of the Borrower (which consent shall not unreasonably be withheld), to appoint a successor; provided that no such consent of the Borrower shall be required if an Event of Default

has occurred and is continuing. If no successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of its resignation, then the retiring Administrative Agent may, on behalf of the Lenders, appoint a successor Administrative Agent which shall be a bank with an office in New York, New York, or an Affiliate of any such bank, in any event having total assets in excess of \$500,000,000 and who shall serve until such time, if any, as an Agent shall have been appointed as provided above. Upon the acceptance of its appointment as Administrative Agent hereunder by a successor, such successor shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations hereunder. The fees payable by the Borrower to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrower and such successor. After the Administrative Agent's resignation hereunder, the provisions of this Article and Section 11.03 shall continue in effect for its benefit in respect of any actions taken or omitted to be taken by it while it was acting as Administrative Agent.

(g) Each Lender acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any related agreement or any document furnished hereunder or thereunder.

(h) No Lender identified in this Agreement as a "Lead Arranger", "Documentation Agent" or "Syndication Agent", or that is given any other title hereunder other than "Administrative Agent", shall have any right, power, obligation, liability, responsibility or duty under this Agreement other than those applicable to all Lenders as such. Without limiting the generality of the foregoing, no Lender so identified as a "Lead Arranger", "Documentation Agent" or "Syndication Agent" or that is given any other title hereunder, shall have, or be deemed to have, any fiduciary relationship with any Lender. Each Lender acknowledges that it has not relied, and will not rely, on the Lenders so identified in deciding to enter into this Agreement or in taking or not taking action hereunder.

(i) Notwithstanding anything to the contrary herein or in any other Credit Document, the authority to enforce rights and remedies hereunder and in the other Credit Documents against the Credit Parties or any of them shall be vested exclusively in, and all actions and proceedings at law in connection with such enforcement shall be instituted and maintained exclusively by, the Administrative Agent in accordance with Section 8.01 for the benefit of all the Lenders; provided, however, that the foregoing shall not prohibit (i) the Administrative Agent from exercising on its own behalf the rights and remedies that inure to its benefit (solely in its capacity as Administrative Agent) hereunder and under the other Credit Documents, (ii) any Lender from exercising setoff rights in accordance with Section 11.08 (subject to the terms of Section 2.18(c)) or (iii) any Lender from filing proofs of claim or appearing and filing pleadings on its own behalf during the pendency of a Bankruptcy Event relative to any Credit Party; and provided, further, that if at any time there is no Person acting as Administrative Agent hereunder and under the other Credit Documents, then

(A) the Required Lenders shall have the rights otherwise ascribed to the Administrative Agent pursuant to Section 8.01 and (B) in addition to the matters set forth in clauses (ii), (iii) and (iv) of the preceding proviso and subject to Section 2.18(c), any Lender may, with the consent of the Required Lenders, enforce any rights and remedies available to it and as authorized by the Required Lenders.

(j) Each Lender acknowledges and agrees that the Loans made by it hereunder are commercial loans and not investments in a business enterprise or securities. Each Lender further represents that it is engaged in making, acquiring or holding commercial loans in the ordinary course of its business and has, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement as a Lender, and to make, acquire or hold Loans hereunder. Each Lender shall, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information (which may contain material, non-public information within the meaning of the United States securities laws concerning the Borrower and its Affiliates) as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any related agreement or any document furnished hereunder or thereunder and in deciding whether or to the extent to which it will continue as a Lender or assign or otherwise transfer its rights, interests and obligations hereunder.

ARTICLE X GUARANTY

SECTION 10.01. The Guaranty.

(d) The Guarantor, as primary obligor and not merely as a surety, hereby irrevocably, absolutely and unconditionally guarantees to the Administrative Agent and the Lenders and each of their respective successors, endorsees, transferees and assigns (each a “**Beneficiary**” and collectively, the “**Beneficiaries**”) the prompt and complete payment by the Borrower, as and when due and payable, of the Obligations, in accordance with the terms of the Credit Documents. The provisions of this Article X are sometimes referred to hereinafter as the “**Guaranty**”.

(e) The Guarantor hereby guarantees that the Obligations will be paid strictly in accordance with the terms of the Credit Documents, regardless of any law now or hereafter in effect in any jurisdiction affecting any such terms or the rights of the Beneficiaries with respect thereto. The obligations and liabilities of the Guarantor under this Guaranty shall be absolute and unconditional irrespective of: (i) any lack of validity or enforceability of any of the Obligations or any Credit Document, or any delay, failure or omission to enforce or agreement not to enforce, or the stay or enjoining, by order of court, by operation of law or otherwise, of the exercise of any right with respect to the foregoing (including, in each case, without limitation, as a result of the insolvency, bankruptcy or reorganization of any Beneficiary, the Borrower or any other Person); (ii) any change in the time, manner or place of payment of, or in any other term in respect of, all or any of the Obligations, or any other amendment or waiver of or consent to any departure from the Credit Documents or any agreement or instrument relating thereto; (iii) any exchange or release of, or non-perfection of any Lien on or in any collateral, or any release, amendment or waiver of, or consent

to any departure from, any other guaranty of, or agreement granting security for, all or any of the Obligations; (iv) any claim, set-off, counterclaim, defense or other rights that the Guarantor may have at any time and from time to time against any Beneficiary or any other Person, whether in connection with this Transaction or any unrelated transaction; or (v) any other circumstance that might otherwise constitute a defense available to, or a discharge of, the Borrower or any other guarantor or surety in respect of the Obligations or the Guarantor in respect hereof.

(f) The Guaranty provided for herein (i) is a guaranty of payment and not of collection; (ii) is a continuing guaranty and shall remain in full force and effect until the Commitments have been terminated and the Obligations have been paid in full in cash; and (iii) shall continue to be effective or shall be reinstated, as the case may be, if at any time any payment, or any part thereof, of any of the Obligations is rescinded or must otherwise be returned by any Beneficiary upon or as a result of the insolvency, bankruptcy, dissolution, liquidation or reorganization of the Borrower or otherwise, all as though such payment had not been made.

(g) The obligations and liabilities of the Guarantor hereunder shall not be conditioned or contingent upon the pursuit by any Beneficiary or any other Person at any time of any right or remedy against the Borrower or any other Person that may be or become liable in respect of all or any part of the Obligations or against any collateral security or guaranty therefor or right of setoff with respect thereto.

(h) The Guarantor hereby consents that, without the necessity of any reservation of rights against the Guarantor and without notice to or further assent by the Guarantor, any demand for payment of any of the Obligations made by any Beneficiary may be rescinded by such Beneficiary and any of the Obligations continued after such rescission.

(i) The Guarantor's obligations under this Guaranty shall be unconditional, irrespective of any lack of capacity of the Borrower or any lack of validity or enforceability of any other provision of this Agreement or any other Credit Document, and this Guaranty shall not be affected in any way by any variation, extension, waiver, compromise or release of any or all of the Obligations or of any security or guaranty from time to time therefor.

(j) The obligations of the Guarantor under this Guaranty shall not be reduced, limited, impaired, discharged, deferred, suspended or terminated by any proceeding or action, voluntary or involuntary, involving the bankruptcy, insolvency, receivership, reorganization, marshalling of assets, assignment for the benefit of creditors, composition with creditors, readjustment, liquidation or arrangement of the Borrower or any similar proceedings or actions, or by any defense the Borrower may have by reason of the order, decree or decision of any court or administrative body resulting from any such proceeding or action. Without limiting the generality of the foregoing, the Guarantor's liability shall extend to all amounts and obligations that constitute the Obligations and would be owed by the Borrower, but for the fact that they are unenforceable or not allowable due to the existence of any such proceeding or action.

SECTION 10.02. Waivers.

(f) The Guarantor hereby unconditionally waives: (i) promptness and diligence; (ii) notice of or proof of reliance by the Administrative Agent or the Lenders upon this Guaranty or acceptance of this Guaranty; (iii) notice of the incurrence of any Obligation by the Borrower or the renewal, extension or accrual of any Obligation or of any circumstances affecting the Borrower's financial condition or ability to perform the Obligations; (iv) notice of any actions taken by the Beneficiaries or the Borrower or any other Person under any Credit Document or any other agreement or instrument relating thereto; (v) all other notices, demands and protests, and all other formalities of every kind in connection with the enforcement of the Obligations, of the obligations of the Guarantor hereunder or under any other Credit Document, the omission of or delay in which, but for the provisions of this Section 10 might constitute grounds for relieving the Guarantor of its obligations hereunder; (vi) any requirement that the Beneficiaries protect, secure, perfect or insure any Lien or any property subject thereto, or exhaust any right or take any action against the Borrower or any other Person or any collateral; and (vii) each other circumstance, other than payment of the Obligations in full, that might otherwise result in a discharge or exoneration of, or constitute a defense to, the Guarantor's obligations hereunder.

(g) No failure on the part of any Beneficiary to exercise, and no delay in exercising, any right, remedy, power or privilege hereunder or under any Credit Document or any other agreement or instrument relating thereto shall operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power or privilege hereunder or under any Credit Document or any other agreement or instrument relating thereto preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. This Guaranty is in addition to and not in limitation of any other rights, remedies, powers and privileges the Beneficiaries may have by virtue of any other instrument or agreement heretofore, contemporaneously herewith or hereafter executed by the Guarantor or any other Person or by applicable law or otherwise. All rights, remedies, powers and privileges of the Beneficiaries shall be cumulative and may be exercised singly or concurrently. The rights, remedies, powers and privileges of the Beneficiaries under this Guaranty against the Guarantor are not conditional or contingent on any attempt by the Beneficiaries to exercise any of their rights, remedies, powers or privileges against any other guarantor or surety or under the Credit Documents or any other agreement or instrument relating thereto against the Borrower or against any other Person.

(h) The Guarantor hereby acknowledges and agrees that, until the Commitments have been terminated and all of the Obligations have been paid in full in cash, under no circumstances shall it be entitled to be subrogated to any rights of any Beneficiary in respect of the Obligations performed by it hereunder or otherwise, and the Guarantor hereby expressly and irrevocably waives, until the Commitments have been terminated and all of the Obligations have been paid in full in cash, (i) each and every such right of subrogation and any claims, reimbursements, right or right of action relating thereto (howsoever arising), and (ii) each and every right to contribution, indemnification, set-off or reimbursement, whether from the Borrower or any other Person now or hereafter primarily or secondarily liable for any of the Obligations, and whether arising by contract or operation of law or otherwise by reason of the Guarantor's execution, delivery or performance of this Guaranty.

(i) The Guarantor represents and warrants that it has established adequate means of keeping itself informed of the Borrower's financial condition and of other circumstances affecting the

Borrower's ability to perform the Obligations, and agrees that neither the Administrative Agent nor any Lender shall have any obligation to provide to the Guarantor any information it may have, or hereafter receive, in respect of the Borrower.

**ARTICLE XI
MISCELLANEOUS**

SECTION 11.01. *Notices.* Except in the case of notices and other communications expressly permitted to be given by telephone, all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopy, as follows:

(j) if to any Credit Party, to it at:

801 East 86th Avenue
Merrillville, IN 46410
Attention: Chief Financial Officer and Treasurer
Telecopier: (219) 647-6100;

with a copy to such Credit Party at:

290 West Nationwide Boulevard
Columbus, OH 43215
Attention: Assistant Treasurer
Telecopier: (614) 460-8414;

(k) if to the Administrative Agent, to PNC Bank, National Association at:

PNC Bank, National Association
500 First Ave., (Mail Stop P7-PFSC-O4I)
Pittsburgh, PA 15219
Attention: Kelsey Munsick
Facsimile No.: 412-762-8672

with a copy, except with respect to the Borrowing Request and any Interest Election Request, to PNC Bank, National Association at:

PNC Bank, National Association
500 First Ave., 4th Floor
Pittsburgh, PA 15219
Attention: Laura Macioce
Facsimile No.: 412-762-8672

and

PNC Bank, National Association

155 East Broad St., 7th Floor
Columbus, OH 43215
Attention: Thomas Redmond
Facsimile No.: 614-463-6770

(l) if to any Lender, to it at its address (or telecopy number) set forth in its Administrative Questionnaire.

Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices sent by facsimile shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next business day for the recipient). Notices delivered through Electronic Systems, to the extent provided in paragraph (e) below, shall be effective as provided in said paragraph (e).

(d) Notices and other communications to the Lenders hereunder may be delivered or furnished by using Electronic Systems pursuant to procedures approved by the Administrative Agent; provided that the foregoing shall not apply to notices pursuant to Article II unless otherwise agreed by the Administrative Agent and the applicable Lender. The Administrative Agent or the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications.

(e) Unless the Administrative Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), and (ii) notices or communications posted to an Internet or intranet website, including an Electronic System, shall be deemed received upon the deemed receipt by the intended recipient, at its e-mail address as described in the foregoing clause (i), of notification that such notice or communication is available and identifying the website address therefor; provided that, for both clauses (i) and (ii) above, if such notice, email or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next business day for the recipient.

(f) Any party hereto may change its address or telecopy number for notices and other communications hereunder by notice to the other parties hereto. All notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt.

(g) Electronic Systems.

(i) The Borrower and each Lender agrees that the Administrative Agent may, but shall not be obligated to, make Communications (as defined below) available to the Lenders by posting the Communications on Debt Domain, Intralinks, Syndtrak, ClearPar or a substantially similar Electronic System.

(ii) Any Electronic System used by the Administrative Agent is provided “as is” and “as available.” The Agent Parties (as defined below) and the Credit Parties do not warrant the adequacy of such Electronic Systems and expressly disclaim liability for errors or omissions in the Communications. No warranty of any kind, express, implied or statutory, including, without limitation, any warranty of merchantability, fitness for a particular purpose, non-infringement of third-party rights or freedom from viruses or other code defects, is made by any Agent Party or any Credit Party in connection with the Communications or any Electronic System. In no event shall the Administrative Agent or any of its Related Parties (collectively, the “Agent Parties”) or the Credit Parties have any liability to any Credit Party, any Lender, Administrative Agent or any other Person or entity for damages of any kind, including, without limitation, direct or indirect, special, incidental or consequential damages, losses or expenses (whether in tort, contract or otherwise) arising out of any Credit Party’s or the Administrative Agent’s transmission of Communications through an Electronic System, except to the extent that such damages, losses or expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Agent Party. “Communications” means, collectively, any notice, demand, communication, information, document or other material provided by or on behalf of any Credit Party pursuant to any Credit Document or the transactions contemplated therein which is distributed by the Administrative Agent or any Lender by means of electronic communications pursuant to this Section, including through an Electronic System.

SECTION 11.02. Waivers; Amendments.

(c) No failure or delay by the Administrative Agent or any Lender in exercising any right or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Administrative Agent and the Lenders hereunder are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of this Agreement or consent to any departure by any Credit Party therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) of this Section, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, no Extension of Credit shall be construed as a waiver of any Default, regardless of whether the Administrative Agent or any Lender may have had notice or knowledge of such Default at the time.

(d) Neither this Agreement nor any provision hereof may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by the Borrower, the Guarantor and the Required Lenders or by the Borrower, the Guarantor and the Administrative Agent with the consent of the Required Lenders; provided that no such agreement shall (i) increase the Commitment of any Lender without the written consent of such Lender, (ii) reduce the principal amount of any Loan or reduce the rate of interest thereon, or reduce any fees or other amounts payable hereunder, without the written consent of each Lender affected thereby, (iii) postpone the scheduled date of payment of the principal amount of any Loan or any interest thereon, or any fees or other amounts payable hereunder, or reduce the amount of, waive or excuse any such payment, or postpone the scheduled date of expiration of any Commitment, without the written consent of each Lender affected

thereby, (iv) change Section 2.18(b) or (c) in a manner that would alter the pro rata sharing of payments required thereby, without the written consent of each Lender, (v) release the Guarantor from its obligations under the Guaranty without the written consent of each Lender, (vi) waive any of the conditions precedent to the Effective Date set forth in Section 3.01 without the written consent of each Lender, or (vii) change any of the provisions of this Section or the definition of “Required Lenders” or any other provision hereof specifying the number or percentage of Lenders required to waive, amend or modify any rights hereunder or make any determination or grant any consent hereunder, without the written consent of each Lender; provided, further, that no such agreement shall amend, modify or otherwise affect the rights or duties of the Administrative Agent hereunder without the prior written consent of the Administrative Agent.

SECTION 11.03. Expenses; Indemnity; Damage Waiver.

(c) The Borrower shall pay (i) all reasonable out-of-pocket expenses incurred by the Administrative Agent and its Affiliates, including the reasonable fees, charges and disbursements of counsel for the Administrative Agent, in connection with the initial syndication of the term loan facility provided for herein, the preparation and administration of this Agreement or any amendments, modifications or waivers of the provisions hereof (whether or not the transactions contemplated hereby or thereby shall be consummated) and (ii) all reasonable out-of-pocket expenses incurred by the Administrative Agent or any Lender, including the reasonable fees, charges and disbursements of any counsel for the Administrative Agent or any Lender, in connection with the enforcement or protection of its rights in connection with this Agreement, including its rights under this Section, or in connection with the Loans made hereunder, including in connection with any workout, restructuring or negotiations in respect thereof.

(d) The Borrower shall indemnify the Administrative Agent, the Syndication Agent, the Documentation Agent, each Lender and each Related Party of any of the foregoing Persons (each such Person being called an “*Indemnitee*”) against, and hold each Indemnitee harmless from, any and all losses, claims, penalties, damages, liabilities and related reasonable expenses, including the reasonable fees, charges and disbursements of any counsel for any Indemnitee, incurred by or asserted against any Indemnitee arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement or any agreement or instrument contemplated hereby, the performance by the parties hereto of their respective obligations hereunder or the consummation of the Transactions or any other transaction contemplated hereby, (ii) any Loan or the use of the proceeds therefrom, (iii) any actual or alleged presence or release of Hazardous Materials on or from any property now, in the past or hereafter owned or operated by the Borrower, the Guarantor or any of its other Subsidiaries, or any Environmental Liability related in any way to the Borrower, the Guarantor or any of its other Subsidiaries, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by the Borrower or any of its Subsidiaries, and regardless of whether any Indemnitee is a party thereto; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee. This Section

11.03(b) shall not apply with respect to Taxes other than any Taxes that represent losses, claims, penalties, damages, etc. arising from any non-Tax claim.

(e) To the extent that the Borrower fails to pay any amount required to be paid by it to the Administrative Agent under paragraph (a) or (b) of this Section, each Lender severally agrees to pay to the Administrative Agent such Lender's Applicable Percentage (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount; provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent in its capacity as such.

(f) To the extent permitted by applicable law, (i) the Borrower shall not assert, and does hereby waive, any claim against any Indemnitee for any damages arising from the use by others of information or other materials obtained through telecommunications, electronic or other information transmission systems (including the Internet), and (ii) without limiting the rights of indemnification of any Indemnitee set forth in this Agreement with respect to liabilities asserted by third parties, each party hereto shall not assert, and hereby waives, any claim against each other party, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement or any agreement or instrument contemplated hereby, the Transactions or any Loan or the use of the proceeds thereof.

(g) All amounts due under this Section shall be payable not later than 20 days after written demand therefor.

SECTION 11.04. Successors and Assigns.

(f) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby; provided that, (i) except to the extent permitted pursuant to Section 6.01(b)(ii) and (iii), no Credit Party may assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender (and any attempted assignment or transfer by a Credit Party without such consent shall be null and void) and (ii) no Lender may assign or otherwise transfer its rights or obligations hereunder except in accordance with this Section. Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(g) (i) Subject to the conditions set forth in paragraph (b)(ii) below, any Lender may assign to one or more Persons (other than an Ineligible Institution) all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans at the time owing to it) with the prior written consent (such consent not to be unreasonably withheld or delayed) of:

(A) the Borrower (provided that the Borrower shall be deemed to have consented to any such assignment unless it shall object thereto by written notice to the Administrative Agent within ten (10) Business Days after having received notice

thereof); provided, further, that no consent of the Borrower shall be required for an assignment to a Lender, an Affiliate of a Lender, an Approved Fund or, if an Event of Default has occurred and is continuing, any other assignee; and

(B) the Administrative Agent.

(ii) Assignments shall be subject to the following additional conditions:

(A) except in the case of an assignment to a Lender or an Affiliate of a Lender or an Approved Fund or an assignment of the entire remaining amount of the assigning Lender's Commitment or Loans, the amount of the Commitment or Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent) shall not be less than \$5,000,000 unless each of the Borrower and the Administrative Agent otherwise consent, provided that no such consent of the Borrower shall be required if an Event of Default has occurred and is continuing;

(B) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement, provided that this clause shall not be construed to prohibit the assignment of a proportionate part of all the assigning Lender's rights and obligations in respect of such Lender's Loans;

(C) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee of \$3,500, such fee to be paid by either the assigning Lender or the assignee Lender or shared between such Lenders;

(D) the assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire in which the assignee designates one or more credit contacts to whom all syndicate-level information (which may contain material non-public information about the Borrower and its affiliates and their Related Parties or their respective securities) will be made available and who may receive such information in accordance with the assignee's compliance procedures and applicable laws, including Federal and state securities laws;

(E) without the prior written consent of the Administrative Agent, no assignment shall be made to a prospective assignee that bears a relationship to the Borrower described in Section 108(e)(4) of the Code; and

(F) no assignment shall be made to any Affiliate of any Credit Party.

For the purposes of this Section 11.04(b), the terms "Approved Fund" and "Ineligible Institution" have the following meanings:

“Approved Fund” means any Person (other than a natural person) that is engaged in making, purchasing, holding or investing in bank loans and similar extensions of credit in the ordinary course of its business and that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

“Ineligible Institution” means (a) a natural person, (b) a Defaulting Lender or any of its Subsidiaries or any parent company thereof, or any Person who, upon becoming a Lender hereunder, would constitute any of the foregoing Persons described in this clause (b), (c) the Borrower, any of its Subsidiaries or any of its Affiliates, or (d) a company, investment vehicle or trust for, or owned and operated for the primary benefit of, a natural person or relative(s) thereof.

Subject to acceptance and recording thereof pursuant to paragraph (d) of this Section, from and after the effective date specified in each Assignment and Assumption, the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender’s rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.15, 2.16, 2.17 and 11.03). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this paragraph shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with paragraph (e) of this Section.

(h) The Administrative Agent, acting for this purpose as a non-fiduciary agent of the Borrower, shall maintain at one of its offices in The City of New York a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitment of, and principal amount (and stated interest) of the Loans and other Obligations owing to, each Lender pursuant to the terms hereof from time to time (the “*Register*”). The entries in the Register shall be conclusive (absent manifest error), and the Borrower, the Administrative Agent and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary.

(i) Upon its receipt of a duly completed Assignment and Assumption executed by an assigning Lender and an assignee, the assignee’s completed Administrative Questionnaire (unless the assignee shall already be a Lender hereunder), the processing and recordation fee referred to in paragraph (b) of this Section and any written consent to such assignment required by paragraph (b) of this Section, the Administrative Agent shall accept such Assignment and Assumption and record the information contained therein in the Register. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this paragraph.

(j) Any Lender may, without the consent of or notice to the Borrower or the Administrative Agent, sell participations to one or more banks or other entities (a “ **Participant** ”), other than an Ineligible Institution, in all or a portion of such Lender’s rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans owing to it); provided that (i) such Lender’s obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Borrower, the Guarantor and the Administrative Agent shall continue to deal solely and directly with such Lender in connection with such Lender’s rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in the first proviso to Section 11.02(b) that affects such Participant. Subject to paragraph (f) of this Section, the Borrower agrees that each Participant shall be entitled to the benefits of Sections 2.15, 2.16 and 2.17 (subject to the requirements and limitations therein (it being understood that the documentation required under Section 2.17(e) and (f) shall be delivered to the participating Lender)) to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section; provided that such Participant agrees to be subject to the provisions of Section 2.19 as though it were an assignee under paragraph (b) of this Section. Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Borrower, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the obligations under this Agreement (the “ **Participant Register** ”); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register to any Person (including the identity of any Participant or any information relating to a Participant's interest in the obligations under this Agreement) except to the extent that such disclosure is necessary to establish that such interest is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Administrative Agent (in its capacity as Administrative Agent) shall have no responsibility for maintaining a Participant Register.

(k) A Participant shall not be entitled to receive any greater payment under Section 2.15 or 2.17 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, except to the extent such entitlement to receive a greater payment results from a Change in Law that occurs after the Participant acquired the applicable participation.

(l) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including, without limitation, to a Federal Reserve Bank or any central bank, and this Section shall not apply to any such pledge or assignment of a security interest; provided that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such assignee for such Lender as a party hereto.

SECTION 11.05. Survival. *All covenants, agreements, representations and warranties made by the Borrower and the Guarantor herein and in the certificates or other instruments delivered in connection with or pursuant to this Agreement shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of this Agreement and the making of any Loans. The provisions of Sections 2.15, 2.16, 2.17, 10.01(c)(iii) and 11.03 and Article IX shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the repayment of the Loans, the expiration or termination of the Commitments or the termination of this Agreement or any provision hereof.*

SECTION 11.06. Counterparts; Integration; Effectiveness; Electronic Execution. *This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement, the commitment letter relating to the term loan facility provided hereby (to the extent provided therein) and any separate letter agreements with respect to fees payable to the Administrative Agent constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 3.01, this Agreement shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof which, when taken together, bear the signatures of each of the other parties hereto, and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Delivery of an executed counterpart of a signature page of this Agreement by facsimile or other electronic imaging shall be effective as delivery of an original executed counterpart of this Agreement. The words “execution,” “signed,” “signature,” “delivery,” and words of like import in or relating to any document to be signed in connection with this Agreement and the transactions contemplated hereby shall be deemed to include Electronic Signatures, deliveries or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.*

SECTION 11.07. Severability. *Any provision of this Agreement held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.*

SECTION 11.08. Right of Setoff. *If an Event of Default shall have occurred and be continuing, each Lender or any Affiliate thereof is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Lender to or for the credit or the account of any Credit Party against any of*

and all the Obligations now or hereafter existing under this Agreement held by such Lender, irrespective of whether or not such Lender shall have made any demand under this Agreement and although such Obligations may be unmatured. The rights of each Lender under this Section are in addition to other rights and remedies (including other rights of setoff) which such Lender may have.

SECTION 11.09. Governing Law; Jurisdiction; Consent to Service of Process.

(g) This Agreement shall be construed in accordance with and governed by the law of the State of New York.

(h) Each Credit Party hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of the Supreme Court of the State of New York sitting in the Borough of Manhattan and of the United States District Court of the Southern District of New York sitting in the Borough of Manhattan, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that the Administrative Agent or any Lender may otherwise have to bring any action or proceeding relating to this Agreement against any Credit Party or its properties in the courts of any jurisdiction.

(i) Each Credit Party hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement in any court referred to in paragraph (b) of this Section. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(j) Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 11.01. Nothing in this Agreement will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

SECTION 11.10. WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN

INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

SECTION 11.11. Headings. *Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.*

SECTION 11.12. Confidentiality. *Each of the Administrative Agent and the Lenders agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its and its Affiliates' directors, officers, employees, third party service providers and agents, including accountants, legal counsel and other advisors (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory authority (including any self-regulatory authority, such as the National Association of Insurance Commissioners), (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (d) to any other party to this Agreement, (e) in connection with the exercise of any remedies hereunder or any suit, action or proceeding relating to this Agreement or the enforcement of rights hereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement or (ii) actual or prospective counterparty (or its advisors) to any swap or derivative transaction or any credit insurance provider, in each case, relating to the Borrower and its obligations, (g) with the consent of the Borrower or (h) to the extent such Information (i) becomes publicly available other than as a result of a breach of this Section or (ii) becomes available to the Administrative Agent or any Lender on a nonconfidential basis from a source other than a Credit Party or any Subsidiary of a Credit Party. For the purposes of this Section, "Information" means all information received from any Credit Party or any Subsidiary of a Credit Party relating to a Credit Party or any Subsidiary of a Credit Party or its respective businesses, other than any such information that is available to the Administrative Agent or any Lender on a nonconfidential basis prior to disclosure by any Credit Party or any Subsidiary of a Credit Party; provided that, in the case of information received from any Credit Party or any Subsidiary of a Credit Party after the Effective Date, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information. In addition, the Administrative Agent and the Lenders may disclose the existence of this Agreement and information about this Agreement to market data collectors, similar service providers to the lending industry and service providers to the Administrative Agent, the Syndication Agent, the Documentation Agent, the Arrangers and the Lenders in connection with the administration of this Agreement, the other Credit Documents, and the Commitments.*

EACH LENDER ACKNOWLEDGES THAT INFORMATION AS DEFINED IN THE IMMEDIATELY PRECEDING PARAGRAPH FURNISHED TO IT PURSUANT TO THIS AGREEMENT MAY INCLUDE MATERIAL NON-PUBLIC INFORMATION CONCERNING

THE BORROWER AND ITS RELATED PARTIES OR THEIR RESPECTIVE SECURITIES, AND CONFIRMS THAT IT HAS DEVELOPED COMPLIANCE PROCEDURES REGARDING THE USE OF MATERIAL NON-PUBLIC INFORMATION AND THAT IT WILL HANDLE SUCH MATERIAL NON-PUBLIC INFORMATION IN ACCORDANCE WITH THOSE PROCEDURES AND APPLICABLE LAW, INCLUDING FEDERAL AND STATE SECURITIES LAWS.

ALL INFORMATION, INCLUDING REQUESTS FOR WAIVERS AND AMENDMENTS, FURNISHED BY THE BORROWER OR THE ADMINISTRATIVE AGENT PURSUANT TO, OR IN THE COURSE OF ADMINISTERING, THIS AGREEMENT WILL BE SYNDICATE-LEVEL INFORMATION, WHICH MAY CONTAIN MATERIAL NON-PUBLIC INFORMATION ABOUT THE BORROWER, THE OTHER CREDIT PARTIES AND THEIR RELATED PARTIES OR THEIR RESPECTIVE SECURITIES. ACCORDINGLY, EACH LENDER REPRESENTS TO THE BORROWER AND THE ADMINISTRATIVE AGENT THAT IT HAS IDENTIFIED IN ITS ADMINISTRATIVE QUESTIONNAIRE A CREDIT CONTACT WHO MAY RECEIVE INFORMATION THAT MAY CONTAIN MATERIAL NON-PUBLIC INFORMATION IN ACCORDANCE WITH ITS COMPLIANCE PROCEDURES AND APPLICABLE LAW.

SECTION 11.13. USA PATRIOT Act. Each Lender hereby notifies the Credit Parties that pursuant to the requirements of the Act, it is required to obtain, verify and record information that identifies the Credit Parties, which information includes the name and address of the Credit Parties and other information that will allow such Lender to identify the Credit Parties in accordance with the Act.

SECTION 11.14. Acknowledgement and Consent to Bail-In of EEA Financial Institutions. Notwithstanding anything to the contrary in any Credit Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any EEA Financial Institution arising under any Credit Document, to the extent such liability is unsecured, may be subject to the write-down and conversion powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an EEA Financial Institution; and

(b) the effects of any Bail-in Action on any such liability, including, if applicable:

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such EEA Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Credit Document; or

(iii) the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of any EEA Resolution Authority.

SECTION 11.15. Acknowledgments. Each of the Guarantor and the Borrower hereby acknowledges that:

(a) it has been advised by and consulted with its own legal, accounting, regulatory and tax advisors (to the extent it deemed appropriate) in the negotiation, execution and delivery of this Agreement and the other Credit Documents;

(b) neither any Arranger, any Agent nor any Lender has any fiduciary relationship with or duty to the Guarantor or the Borrower arising out of or in connection with this Agreement or any of the other Credit Documents, and the relationship between any Arranger, the Administrative Agent and the Lenders, on one hand, and the Guarantor and the Borrower, on the other hand, in connection herewith or therewith is solely that of debtor and creditor, and, to the fullest extent permitted by law, each of the Guarantor and the Borrower hereby waives and releases any claims that it may have against the Administrative Agent, the Arrangers and the Lenders with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transaction contemplated hereby;

(c) it is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated hereby and by the other Credit Documents; and

(d) no joint venture is created hereby or by the other Credit Documents or otherwise exists by virtue of the transactions contemplated hereby among the Arrangers, the Administrative Agent and the Lenders or among the Guarantor, the Borrower and the Lenders.

SECTION 11.16.

IN WITNESS WHEREOF , the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

NISOURCE FINANCE CORP., as Borrower

By:

Donald E. Brown
President, Chief Financial Officer and Treasurer

Federal Tax Identification Number: 35-2105468

NISOURCE INC., as Guarantor

By:

Donald E. Brown
Executive Vice President, Chief Financial Officer and Treasurer

Federal Tax Identification Number: 35-2108964

PNC BANK, NATIONAL ASSOCIATION, as a Lender and as Administrative Agent

By:
Name:
Title:

JPMORGAN CHASE BANK, N.A., as a Lender

By:
Name:
Title:

MIZUHO BANK (USA), as a Lender

By:
Name: Title:

U.S. BANK NATIONAL ASSOCIATION, as a Lender

By:
Name:
Title:

THE HUNTINGTON NATIONAL BANK, as a Lender

By:
Name:
Title:

THE BANK OF NEW YORK MELLON, as a Lender

By:
Name:
Title:

PRICING GRID

The “Applicable Rate” for any day with respect to any Eurodollar Loan or ABR Loan, as the case may be, is the percentage (stated in basis points) set forth below in the applicable row under the column corresponding to the Status that exists on such day:

Status	Level I	Level II	Level III	Level IV	Level V
Eurodollar Loans (basis points)	85.0	90.0	95.0	105.0	120.0
ABR Loans (basis points)	0.0	0.0	0.0	5.0	20.0
Unused Fee	7.5	12.5	17.5	22.5	30.0

For purposes of this Pricing Grid, the following terms have the following meanings (as modified by the provisos below):

“ **Level I Status** ” exists at any date if, at such date, the Index Debt is rated either A or higher by S&P or A2 or higher by Moody’s.

“ **Level II Status** ” exists at any date if, at such date, the Index Debt is rated either A- by S&P or A3 by Moody’s.

“ **Level III Status** ” exists at any date if, at such date, the Index Debt is rated either BBB+ by S&P or Baa1 by Moody’s.

“ **Level IV Status** ” exists at any date if, at such date, the Index Debt is rated either BBB by S&P or Baa2 by Moody’s.

“ **Level V Status** ” exists at any date if, at such date, the Index Debt is rated either BBB- by S&P or lower or Baa3 by Moody’s or lower, or, no other Status exists.

“ **Status** ” refers to the determination of which of Level I Status, Level II Status, Level III Status, Level IV Status or Level V Status exists at any date.

The credit ratings to be utilized for purposes of this Pricing Grid are those assigned to the Index Debt, and any rating assigned to any other debt security of the Borrower shall be disregarded. The rating in effect at any date is that in effect at the close of business on such date.

Provided, that the applicable Status shall change as and when the applicable Index Debt ratings change.

Provided further, that if the Index Debt is split-rated, the applicable Status shall be determined on the basis of the higher of the two ratings then applicable; provided further that, if the Index Debt is split-rated by two or more levels, the applicable Status shall instead be determined on the basis of the rating that is one level above the lower of the two ratings then applicable.

Provided further, that if both Moody’s and S&P, or their successors as applicable, shall have ceased to issue or maintain such ratings, then the applicable Status shall be Level V.

EXHIBIT A

ASSIGNMENT AND ASSUMPTION

This Assignment and Assumption (the “ Assignment and Assumption ”) is dated as of the Effective Date set forth below and is entered into by and between [*Insert name of Assignor*] (the “ Assignor ”) and [*Insert name of Assignee*] (the “ Assignee ”). Capitalized terms used but not defined herein shall have the meanings given to them in the Term Loan Agreement identified below (as amended, the “ Loan Agreement ”), receipt of a copy of which is hereby acknowledged by the Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Assumption as if set forth herein in full.

For an agreed consideration, the Assignor hereby irrevocably sells and assigns to the Assignee, and the Assignee hereby irrevocably purchases and assumes from the Assignor, subject to and in accordance with the Standard Terms and Conditions and the Loan Agreement, as of the Effective Date inserted by the Administrative Agent as contemplated below (i) all of the Assignor’s rights and obligations in its capacity as a Lender under the Loan Agreement and any other documents or instruments

delivered pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of the Assignor under the respective facilities identified below (including any guarantees included in such facilities) and (ii) to the extent permitted to be assigned under applicable law, all claims, suits, causes of action and any other right of the Assignor (in its capacity as a Lender) against any Person, whether known or unknown, arising under or in connection with the Loan Agreement, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby or in any way based on or related to any of the foregoing, including contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (i) above (the rights and obligations sold and assigned pursuant to clauses (i) and (ii) above being referred to herein collectively as the “ Assigned Interest ”). Such sale and assignment is without recourse to the Assignor and, except as expressly provided in this Assignment and Assumption, without representation or warranty by the Assignor.

- 1. Assignor: _____
- 2. Assignee: _____
[and is an Affiliate/Approved Fund of [identify Lender]]
- 3. Borrower(s): NiSource Finance Corp., an Indiana corporation
- 4. Administrative Agent: PNC Bank, National Association, as the administrative agent under the Loan Agreement
- 5. Loan Agreement: The Term Loan Agreement, dated as of March 31, 2016, among NiSource Finance Corp., as borrower, NiSource Inc., a Delaware corporation, as guarantor, the Lenders parties thereto, PNC Bank, National Association, as Administrative Agent, and the other agents parties thereto
- 6. Assigned Interest:

Aggregate Amount of Commitments/Loans for all Lenders	Amount of Commitments/Loans Assigned	Percentage Assigned of Commitments/Loans
\$	\$	%
\$	\$	%
\$	\$	%

Effective Date: _____, 20__ [TO BE INSERTED BY ADMINISTRATIVE AGENT AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF TRANSFER IN THE REGISTER THEREFOR.]

The terms set forth in this Assignment and Assumption are hereby agreed to:

ASSIGNOR

[NAME OF ASSIGNOR]

By: _____
Title:

ASSIGNEE

[NAME OF ASSIGNEE]

By: _____
Title:

Consented to and Accepted:

PNC BANK, NATIONAL ASSOCIATION, as Administrative Agent

By: _____
Title:

[NISOURCE FINANCE CORP., as Borrower]

By: _____
Title:

ANNEX I

STANDARD TERMS AND CONDITIONS FOR
ASSIGNMENT AND ASSUMPTION

1. Representations and Warranties.

1.1 Assignor. The Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the Assigned Interest, (ii) the Assigned Interest is free and clear of any lien, encumbrance or other adverse claim and (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Loan Agreement or any other Credit Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Credit Documents or any collateral thereunder, (iii) the financial condition of the Borrower, any of its Subsidiaries or Affiliates or any other Person obligated in respect of any Credit Document or (iv) the performance or observance by the Borrower, any of its Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Credit Document.

1.2. Assignee. The Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and to become a Lender under the Loan Agreement, (ii) it satisfies the requirements, if any, specified in the Loan Agreement that are required to be satisfied by it in order to acquire the Assigned Interest and become a Lender, (iii) from and after the Effective Date, it shall be bound by the provisions of the Loan Agreement as a Lender thereunder and, to the extent of the Assigned Interest, shall have the obligations of a Lender thereunder, (iv) it has received a copy of the Loan Agreement, together with copies of the most recent financial statements delivered pursuant to Section 5.01(h) thereof, as applicable, and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption and to purchase the Assigned Interest on the basis of which it has made such analysis and decision independently and without reliance on the Administrative Agent or any other Lender, (v) if it is a Foreign Lender, attached to the Assignment and Assumption is any documentation required to be delivered by it pursuant to the terms of the Loan Agreement, duly completed and executed by the Assignee; and (vi) it does not bear a relationship to the Borrower described in Section 108(e)(4) of the Code; and (b) agrees that (i) it will, independently and without reliance on the Administrative Agent, the Assignor or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Credit Documents are required to be performed by it as a Lender.

2. Payments. From and after the Effective Date, the Administrative Agent shall make all payments in respect of the

Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignor for amounts which have accrued to but excluding the Effective Date and to the Assignee for amounts which have accrued from and after the Effective Date.

3. General Provisions. This Assignment and Assumption shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment and Assumption may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment and Assumption by telecopy shall be effective as delivery of a manually executed counterpart of this Assignment and Assumption. THIS ASSIGNMENT AND ASSUMPTION SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

EXHIBIT B

FORM OF OPINION OF SCHIFF HARDIN LLP

EXHIBIT C

FORM OF BORROWING REQUEST

BORROWING REQUEST

Date: _____, _____

To: PNC Bank, National Association
500 First Ave., (Mail Stop P7-PFSC-O4I)
Pittsburgh, PA 15219
Attention: Kelsey Munsick
Facsimile No.: 412-762-8672

Ladies and Gentlemen:

Reference is made to that certain Term Loan Agreement, dated as of March 31, 2016 (as may be amended, restated, amended and restated, extended, supplemented or otherwise modified in writing from time to time in accordance with its terms, the “Agreement”; the terms defined therein being used herein as therein defined), between NiSource Finance Corp., an Indiana corporation (the “Borrower”), NiSource Inc., as guarantor, the Lenders party thereto, PNC Bank, National Association, as the Administrative Agent, and the other parties thereto.

The Borrower hereby requests a Borrowing, as follows:

1. In the aggregate amount of \$ _____.
2. On _____, 201_ (a Business Day).
3. Comprised of a [ABR] [Eurodollar] Borrowing.
- [4. With an Interest Period of ___ months.]

[4][5]. The Borrower’s account to which funds are to be disbursed is:
Account Number: _____
Location: _____

This Borrowing Request and the Borrowing requested herein comply with the Agreement, including Sections 2.01, 2.02 and 3.02 of the Agreement.

NISOURCE FINANCE CORP.

By: _____
Name:
Title:

This Interest Election Request and the election made herein comply with the Agreement, including Section 2.06 of the Agreement.

NISOURCE FINANCE CORP.

By: _____

Name:

Title:

EXHIBIT H

FORM OF PREPAYMENT NOTICE

PREPAYMENT NOTICE

Date: _____, _____

To: PNC Bank, National Association
500 First Ave., (Mail Stop P7-PFSC-O4I)
Pittsburgh, PA 15219
Attention: Kelsey Munsick
Facsimile No.: 412-762-8672

Ladies and Gentlemen:

Reference is made to that certain Term Loan Agreement, dated as of March 31, 2016 (as may be amended, restated, amended and restated, extended, supplemented or otherwise modified in writing from time to time in accordance with its terms, the "Agreement"); the terms defined therein being used herein as therein defined), between NiSource Finance Corp., an Indiana corporation (the "Borrower"), NiSource Inc., as guarantor, the Lenders party thereto, PNC Bank, National Association, as the Administrative Agent, and the other parties thereto.

This Prepayment Notice is delivered to you pursuant to Section 2.11 of the Agreement. The Borrower hereby gives notice of a prepayment of Loans as follows:

1. (select Type(s) of Loans)

ABR Loans in the aggregate principal amount of \$ _____.

Eurodollar Loans with an Interest Period ending _____, 201_ in the aggregate principal amount of \$ _____.

2 On _____, 201_ (a Business Day).

This Prepayment Notice and prepayment contemplated hereby comply with the Agreement, including Section 2.11 of the Agreement.

NISOURCE FINANCE CORP.

By: _____

Name:

Title:

EXHIBIT I-1

FORM OF

U.S. TAX COMPLIANCE CERTIFICATE

(For Foreign Lenders That Are Not Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to that certain Term Loan Agreement, dated as of March 31, 2016 (as may be amended, restated, amended and restated, extended, supplemented or otherwise modified in writing from time to time in accordance with its terms, the “ Agreement ”; the terms defined therein being used herein as therein defined), between NiSource Finance Corp., an Indiana corporation (the “ Borrower ”), NiSource Inc., as guarantor, the Lenders party thereto, PNC Bank, National Association, as the Administrative Agent, and the other parties thereto.

Pursuant to the provisions of Section 2.17 of the Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the Loan(s) (as well as any Note(s) evidencing such Loan(s)) in respect of which it is providing this certificate, (ii) it is not a bank within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a ten percent shareholder of the Borrower within the meaning of Section 871(h)(3)(B) of the Code and (iv) it is not a controlled foreign corporation related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished the Administrative Agent and the Borrower with a certificate of its non-U.S. Person status on IRS Form W-8BEN or IRS Form W-8BEN-E. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform the Borrower and the Administrative Agent, and (2) the undersigned shall have at all times furnished the Borrower and the Administrative Agent with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Agreement and used herein shall have the meanings given to them in the Agreement.

[NAME OF LENDER]

By: _____

Name:

Title:

Date: _____, 20[]

EXHIBIT I-2

FORM OF

U.S. TAX COMPLIANCE CERTIFICATE

(For Foreign Participants That Are Not Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to that certain Term Loan Agreement, dated as of March 31, 2016 (as may be amended, restated, amended and restated, extended, supplemented or otherwise modified in writing from time to time in accordance with its terms, the “ Agreement ”; the terms defined therein being used herein as therein defined), between NiSource Finance Corp., an Indiana corporation (the “ Borrower ”), NiSource Inc., as guarantor, the Lenders party thereto, PNC Bank, National Association, as the Administrative Agent, and the other parties thereto.

Pursuant to the provisions of Section 2.17 of the Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the participation in respect of which it is providing this certificate, (ii) it is not a bank within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a ten percent shareholder of the Borrower within the meaning of Section 871(h)(3)(B) of the Code and (iv) it is not a controlled foreign corporation related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished its participating Lender with a certificate of its non-U.S. Person status on IRS Form W-8BEN or IRS Form W-8BEN-E. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform such Lender in writing, and (2) the undersigned shall have at all times furnished such Lender with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Agreement and used herein shall have the meanings given to them in the Agreement.

[NAME OF PARTICIPANT]

By: _____

Name:

Title:

Date: _____, 20[]

EXHIBIT I-3

FORM OF

U.S. TAX COMPLIANCE CERTIFICATE

(For Foreign Participants That Are Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to that certain Term Loan Agreement, dated as of March 31, 2016 (as may be amended, restated, amended and restated, extended, supplemented or otherwise modified in writing from time to time in accordance with its terms, the “Agreement”; the terms defined therein being used herein as therein defined), between NiSource Finance Corp., an Indiana corporation (the “Borrower”), NiSource Inc., as guarantor, the Lenders party thereto, PNC Bank, National Association, as the Administrative Agent, and the other parties thereto.

Pursuant to the provisions of Section 2.17 of the Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the participation in respect of which it is providing this certificate, (ii) its direct or indirect partners/members are the sole beneficial owners of such participation, (iii) with respect such participation, neither the undersigned nor any of its direct or indirect partners/members is a bank extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of its direct or indirect partners/members is a ten percent shareholder of the Borrower within the meaning of Section 871(h)(3)(B) of the Code and (v) none of its direct or indirect partners/members is a controlled foreign corporation related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished its participating Lender with IRS Form W-8IMY accompanied by one of the following forms from each of its partners/members that is claiming the portfolio interest exemption: (i) an IRS Form W-8BEN or IRS Form W-8BEN-E or (ii) an IRS Form W-8IMY accompanied by an IRS Form W-8BEN or IRS Form W-8BEN-E from each of such partner’s/member’s beneficial owners that is claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform such Lender and (2) the undersigned shall have at all times furnished such Lender with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Agreement and used herein shall have the meanings given to them in the Agreement.

[NAME OF PARTICIPANT]

By: _____

Name:

Title:

Date: _____, 20[]

EXHIBIT I-4

FORM OF

U.S. TAX COMPLIANCE CERTIFICATE

(For Foreign Lenders That Are Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to that certain Term Loan Agreement, dated as of March 31, 2016 (as may be amended, restated, amended and restated, extended, supplemented or otherwise modified in writing from time to time in accordance with its

terms, the “ Agreement ”; the terms defined therein being used herein as therein defined), between NiSource Finance Corp., an Indiana corporation (the “ Borrower ”), NiSource Inc., as guarantor, the Lenders party thereto, PNC Bank, National Association, as the Administrative Agent, and the other parties thereto.

Pursuant to the provisions of Section 2.17 of the Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the Loan(s) (as well as any Note(s) evidencing such Loan(s)) in respect of which it is providing this certificate, (ii) its direct or indirect partners/members are the sole beneficial owners of such Loan(s) (as well as any Note(s) evidencing such Loan(s)), (iii) with respect to the extension of credit pursuant to the Agreement or any other Credit Document, neither the undersigned nor any of its direct or indirect partners/members is a bank extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of its direct or indirect partners/members is a ten percent shareholder of the Borrower within the meaning of Section 871(h)(3)(B) of the Code and (v) none of its direct or indirect partners/members is a controlled foreign corporation related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished the Administrative Agent and the Borrower with IRS Form W-8IMY accompanied by one of the following forms from each of its partners/members that is claiming the portfolio interest exemption: (i) an IRS Form W-8BEN or IRS Form W-8BEN-E or (ii) an IRS Form W-8IMY accompanied by an IRS Form W-8BEN or IRS Form W-8BEN-E from each of such partner’s/member’s beneficial owners that is claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform the Borrower and the Administrative Agent, and (2) the undersigned shall have at all times furnished the Borrower and the Administrative Agent with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Agreement and used herein shall have the meanings given to them in the Agreement.

[NAME OF LENDER]

By: _____
 Name:
 Title:

Date: _____, 20[]

Schedule 2.01
(Term Loan Agreement)

NAMES, ADDRESSES, ALLOCATION OF AGGREGATE COMMITMENT, AND APPLICABLE PERCENTAGES OF BANKS

Bank Name	Domestic Lending Office	Eurodollar Lending Office	Commitment	Applicable Percentage
PNC Bank, National Association	PNC Bank, National Association 500 First Ave., (Mail Stop P7-PFSC-O4I) Pittsburgh, PA 15219	PNC Bank, National Association 500 First Ave., (Mail Stop P7-PFSC-O4I) Pittsburgh, PA 15219	\$115,000,000	23.000000%
JPMorgan Chase Bank, N.A.	On file with the Administrative Agent	On file with the Administrative Agent	\$115,000,000	23.000000%
Mizuho Bank (USA)	On file with the Administrative Agent	On file with the Administrative Agent	\$115,000,000	23.000000%
U.S. Bank National Association	On file with the Administrative Agent	On file with the Administrative Agent	\$75,000,000	15.000000%
The Huntington National Bank	On file with the Administrative Agent	On file with the Administrative Agent	\$40,000,000	8.000000%

The Bank of New York Mellon	On file with the Administrative Agent	On file with the Administrative Agent	\$40,000,000	8.000000%
TOTAL			\$500,000,000	100.000000%

Schedule 6.01(e)

EXISTING AGREEMENTS

Receivables Purchase Agreements and Receivables Sales Agreement of (a) Columbia Gas of Ohio Receivables Corporation, (b) Columbia Gas of Pennsylvania Receivables Corporation, (c) NIPSCO Accounts Receivables Corporation and (d) any renewal, modification, extension or replacement of the above, in each case, to provide for receivables financings upon terms and conditions not materially more restrictive on the Guarantor and its Subsidiaries, taken as a whole, than the terms and conditions of such renewed, modified, extended or replaced facility.

**NiSource Inc.
2010 Omnibus Incentive Plan**

2016 Restricted Stock Unit Award Agreement

This Restricted Stock Unit Award Agreement (the “Agreement”), is made and entered into as of [_____] (the “Date of Grant”), by and between NiSource Inc., a Delaware corporation (the “Company”), and [_____] an Employee of the Company (the “Grantee”).

Section 1. Restricted Stock Unit Award. The Company hereby grants to the Grantee, on the terms and conditions hereinafter set forth, an Award of [_____] Restricted Stock Units. The Restricted Stock Units will be represented by a bookkeeping entry (the “RSU Account”) of the Company, and each Restricted Stock Unit shall be equivalent to one share of the Company’s common stock.

Section 2. Grantee Accounts. The number of Restricted Stock Units granted pursuant to this Agreement shall be credited to the Grantee’s RSU Account. Each RSU Account shall be maintained on the books of the Company until full payment of the balance thereof has been made to the Grantee (or the Grantee’s beneficiaries or estate if the Grantee is deceased) in accordance with Section 1 above. No funds shall be set aside or earmarked for any RSU Account, which shall be purely a bookkeeping device.

Section 3. Vesting and Lapse of Restrictions.

- (a) Vesting. Subject to the forfeiture conditions described later in this Agreement, the Restricted Stock Units shall not vest until [_____] (the “Vesting Date”), at which date they will become 100% vested.
 - (b) Effect of Termination of Service Prior to Vesting. Except as set forth below, if Grantee’s Service is terminated for any reason prior to the occurrence of the Vesting Date or event provided in this Section, the Grantee shall forfeit the Restricted Stock Units. Notwithstanding the foregoing, if, before the Vesting Date, the Grantee terminates Service due to the Grantee’s Retirement, death, or Disability, the restrictions set forth in part (a) above shall lapse with respect to a *pro rata* portion of such Restricted Stock Units on the date of termination of Service. Such *pro rata* lapse of restrictions shall be determined using a fraction, where the numerator shall be the number of full or partial calendar months elapsed between the Date of Grant and the date the Grantee terminates Service, and the denominator shall be the number of full or partial calendar months between the Date of Grant and the Vesting Date. For purposes of this Agreement, “Retirement” means the Grantee’s attainment of age 55 and 10 years of Service.
 - (c) Change in Control. Notwithstanding the foregoing provisions, in the event of a Change in Control, the Restricted Stock Units under this Agreement shall vest in accordance with Article XVI of the Plan. In the event of any conflict between Article XVI of the Plan and this Agreement, Article XVI shall control.
 - (d) Limitation on Restricted Stock Units. Notwithstanding the previous provisions of this Section, during any calendar year with respect to which the Grantee is a Covered Officer (for purpose of Internal Revenue Code (“Code”) Section 162(m)), if the Grantee otherwise would vest in a number of Restricted Stock Units under this Section, the Grantee instead may vest only with
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respect to a sufficient number of Restricted Stock Units whose aggregate Fair Market Value on the date such restrictions would, when added to the Grantee's "applicable employee remuneration" (as defined in Code Section 162(m)) for the applicable calendar year that does not constitute "qualified performance-based compensation" (as defined in Code Section 162(m)), not exceed the aggregate amount of \$999,999.00 for the applicable calendar year (the "Limitation").

To the extent the restrictions on any Restricted Stock Units do not lapse due to the application of this Section, the restrictions on such Restricted Stock Units shall lapse on the first to occur of:

- (i) the last business day of any subsequent calendar year or years to the extent that the Limitation is not exceeded for such year or years;
- (ii) the date next following the Grantee's termination of Service for any reason other than for Cause, or
- (iii) the first business day of the year next following the year with respect to which the Grantee ceases to be a Covered Officer.

The Company will make all determinations as to whether the lapse of restrictions on any Restricted Stock Units is delayed in accordance with this Section. Such determinations will be made on a uniform and non-discriminatory basis consistent with the requirements under Code Section 409A.

Section 4. Delivery of Shares. Once Restricted Stock Units have vested under this Agreement, the Company will determine the number of Shares represented by the Restricted Stock Units in the Grantee's RSU Account and deliver the total number of Shares due to the Grantee as soon as administratively possible after such date. The delivery of the Shares shall be subject to payment of the applicable withholding tax liability and the forfeiture provisions of this Agreement. If the Grantee dies before the Company has distributed any portion of the vested Restricted Stock Units, the Company will transfer any Shares payable with respect to the vested Restricted Stock Units in accordance with the Grantee's written beneficiary designation or to the Grantee's estate if no written beneficiary designation is provided.

Section 5. Withholding of Taxes. The Company shall have the power and the right to deduct or withhold, or require the Grantee to remit to the Company, an amount sufficient to satisfy federal, state, and local taxes, domestic or foreign, required by law or regulation to be withheld with respect to any taxable event arising as a result of this Agreement.

Section 6. Securities Law Compliance. The delivery of all or any Shares that relate to the Restricted Stock Units shall only be effective at such time that the issuance of such Shares will not violate any state or federal securities or other laws. The Company is under no obligation to effect any registration of Shares under the Securities Act of 1933 or to effect any state registration or qualification of the Shares that may be issued under this Agreement. The Company may, in its sole discretion, delay the delivery of Shares or place restrictive legends on Shares in order to ensure that the issuance of any Shares will be in compliance with federal or state securities laws and the rules of any exchange upon which the Company's Shares are traded. If the Company delays the delivery of Shares in order to ensure compliance with any state or federal securities or other laws, the Company shall deliver the Shares at the earliest date at which the Company reasonably believes that such delivery will not cause such violation, or at such later date that may be permitted under Code Section 409A.

Section 7. Restriction on Transferability. Except as otherwise provided under the Plan, until the Restricted Stock Units have vested under this Agreement, the Restricted Stock Units granted herein and the rights and privileges conferred hereby may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated (by operation of law or otherwise), other than by will or the laws of descent and distribution. Any attempted transfer in violation of the provisions of this paragraph shall be void, and the purported transferee shall obtain no rights with respect to such Restricted Stock Units.

Section 8. Grantee's Rights Unsecured. The right of the Grantee or his or her beneficiary to receive a distribution hereunder shall be an unsecured claim against the general assets of the Company, and neither the Grantee nor his or her beneficiary shall have any rights in or against any amounts credited to the Grantee's RSU Account or any other specific assets of the Company. All amounts credited to the Grantee's RSU Account shall constitute general assets of the Company and may be disposed of by the Company at such time and for such purposes, as it may deem appropriate.

Section 9. No Rights as Stockholder or Employee.

- (a) Unless and until Shares have been issued to the Grantee, the Grantee shall not have any privileges of a stockholder of the Company with respect to any Restricted Stock Units subject to this Agreement, nor shall the Company have any obligation to issue any dividends or otherwise afford any rights to which Shares are entitled with respect to any such Restricted Stock Units.
- (b) Nothing in this Agreement or the Award shall confer upon the Grantee any right to continue as an Employee of the Company or any Affiliate or to interfere in any way with the right of the Company or any Affiliate to terminate the Grantee's Service at any time.

Section 10. Adjustments. If at any time while the Award is outstanding, the number of outstanding Restricted Stock Units is changed by reason of a reorganization, recapitalization, stock split or any of the other events described in the Plan, the number and kind of Restricted Stock Units shall be adjusted in accordance with the provisions of the Plan. In the event of certain corporate events specified in Article XVI of the Plan, any unvested Restricted Stock Units may be replaced by substituted Awards or forfeited in exchange for payment of cash in accordance with the procedures and provisions of Article XVI of the Plan.

Section 11. Notices. Any notice hereunder by the Grantee shall be given to the Company in writing and such notice shall be deemed duly given only upon receipt thereof at the following address: Corporate Secretary, NiSource Inc., 801 East 86th Avenue, Merrillville, IN 46410-6271, or at such other address as the Company may designate by notice to the Grantee. Any notice hereunder by the Company shall be given to the Grantee in writing and such notice shall be deemed duly given only upon receipt thereof at such address as the Grantee may have on file with the Company.

Section 12. Administration. The administration of this Agreement, including the interpretation and amendment or termination of this Agreement, will be performed in accordance with the Plan. All determinations and decisions made by the Committee, the Board, or any delegate of the Committee as to the provisions of this Agreement shall be conclusive, final, and binding on all persons. This Agreement at all times shall be governed by the Plan and in no way alter or modify the Plan. To the extent a conflict exists between this Agreement and the Plan, the provisions of the Plan shall govern. Notwithstanding the foregoing, if subsequent guidance is issued under Code Section 409A that would impose additional taxes, penalties, or interest to either the Company or the Grantee, the Company may administer this Agreement in accordance with such guidance and amend this Agreement without the consent of the Grantee to the extent such actions,

in the reasonable judgment of the Company, are considered necessary to avoid the imposition of such additional taxes, penalties, or interest.

Section 13. Governing Law. This Agreement shall be construed and enforced in accordance with the laws of the State of Indiana, without giving effect to the choice of law principles thereof.

Section 14. Government Regulations. Notwithstanding anything contained herein to the contrary, the Company’s obligation to issue or deliver certificates evidencing the Restricted Stock Units shall be subject to all applicable laws, rules and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

Section 15. Entire Agreement; Code Section 409A Compliance. This Agreement and the Plan contain the terms and conditions with respect to the subject matter hereof and supersede any previous agreements, written or oral, relating to the subject matter hereof. This Agreement is pursuant to the terms of the Company’s 2010 Omnibus Incentive Plan (the “Plan”). The applicable terms of the Plan are incorporated herein by reference, including the definition of capitalized terms contained in the Plan, and including the Code Section 409A provisions of Section XIX of the Plan. This Agreement shall be interpreted in accordance with Code Section 409A including the rules related to payment timing for “specified employees” within the meaning of Code Section 409A. This Agreement shall be deemed to be modified to the maximum extent necessary to be in compliance with Code Section 409A’s rules. If the Grantee is unexpectedly required to include in the Grantee’s current year’s income any amount of compensation relating to the Restricted Stock Units because of a failure to meet the requirements of Code Section 409A, then to the extent permitted by Code Section 409A, the Grantee may receive a distribution of cash or Shares in an amount not to exceed the amount required to be included in income as a result of the failure to comply with Code Section 409A.

IN WITNESS WHEREOF, the Company has caused this Award to be granted, and the Grantee has accepted this Award, as of the date first above written.

NISOURCE INC.

GRANTEE

By: _____

By: _____

Its: _____

NiSource Inc.
2010 Omnibus Incentive Plan

Performance Share Award Agreement

This Performance Share Award Agreement (the “Agreement”), is made and entered into as of [_____] (the “Date of Grant”), by and between NiSource Inc., a Delaware corporation (the “Company”), and [_____] an Employee of the Company (the “Grantee”).

Section 1. Performance Share Award. The Company hereby grants to the Grantee, on the terms and conditions hereinafter set forth, an Award of [_____] Performance Shares. The Performance Shares will be represented by a bookkeeping entry (the “Performance Share Account”) of the Company, and each Performance Share will be settled with one share of the Company’s common stock to the extent provided under this Agreement and the Plan.

Section 2. Grantee Accounts. The number of Performance Shares granted pursuant to this Agreement shall be credited to the Grantee’s Performance Share Account. Each Performance Share Account shall be maintained on the books of the Company until full payment of the balance thereof has been made to the Grantee (or the Grantee’s beneficiaries or estate if the Grantee is deceased) in accordance with Section 1 above. No funds shall be set aside or earmarked for any Performance Share Account, which shall be purely a bookkeeping device.

Section 3. Performance Period. The “Performance Period” is the period beginning on [_____] and ending on [_____].

Section 4. Vesting and Lapse of Performance Restrictions.

(a) **Performance Restrictions**. The Performance Restrictions shall lapse only upon both the Grantee’s continued employment through [_____] and the date the Committee certifies the following results (including interpolation between the results, expressed as a percentage of the target):

- (i) The Performance Restrictions of fifty percent of the Award shall lapse based on achievement of [cumulative “net operating earnings” per Share] for the Performance Period in accordance with the following schedule:

<u>Cumulative Net Operating Earnings Per Share</u>	<u>Percentage of Award Granted</u>
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- (ii) The Performance Restrictions of fifty percent of the Award shall lapse based on the Company’s positive Relative Total Shareholder Return (“RTSR”) as of the last day of the Performance Period in accordance with the following schedule:

<u>RTSR* Percent Ranking</u>	<u>Percentage of Award Granted</u>
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*Relative Total Shareholder Return (RTSR) is the annualized growth in the dividends and share price of a share of the Company's common stock, calculated using a 20 day trading average of the Company's closing price beginning [] and ending [] compared to the TSR performance of a peer group of companies determined by the Committee at its meeting on [].

Negative TSR for the Performance Period will result in a maximum payout at target regardless of relative performance.

- (b) Committee Certification. As soon as practicable after the end of the Performance Period, the Committee will certify in writing whether the Performance Restrictions have been met for the Performance Period and determine the number of Shares, if any, that will be payable to the Grantee; provided, however, that if the Committee certifies that the Performance Restrictions have been met, the Committee may, in its sole discretion, adjust the number of Shares payable to the Grantee with respect to the Award to reflect the effect of extraordinary events upon the Performance Restrictions, as provided under the Plan. The date of the Committee's certification under this Section shall hereinafter be referred to as the "Certification Date." The Company will notify the Grantee (or the executors or administrators of the Grantee's estate, if appropriate) of the Committee's certification following the Certification Date (such notice being the "Determination Notice"). The Determination Notice shall specify (i) the Company's cumulative net operating earnings per share and Relative Total Shareholder Return for the Performance Period and (ii) the number of Shares payable in accordance with the Committee's certification.
- (c) Effect of Termination of Service Before []. Except as set forth below, if Grantee's Service is terminated for any reason prior to [] or prior to the occurrence of any otherwise applicable vesting event provided in this Section, the Grantee shall forfeit the Performance Shares credited to the Grantee's Performance Share Account. Notwithstanding the foregoing, in the event that Grantee's Service terminates prior to [] as a result of (i) Grantee's Retirement; or (ii) Grantee's Disability; or (iii) Grantee's death and such death occurs with less than or equal to twelve months remaining in the Performance Period, the Grantee (or the Grantee's beneficiary or estate in the case of Grantee's death) shall receive a *pro rata* distribution of Shares after the certification date described in part (a) above; provided that the Committee actually certifies that the Performance Restrictions for the Performance Period have been met. Such *pro rata* grant of Shares shall be determined using a fraction, where the numerator shall be the number of full or partial calendar months elapsed between the Date of Grant and the date the Grantee terminates Service, and the denominator shall be the number of full or partial calendar months elapsed between the Date of Grant and []. Additionally, if the Grantee terminates Service due to death prior to [] with more than 12 months remaining in the Performance Period, the Grantee's beneficiary or estate shall receive, as soon as practicable after the date of termination, a *pro rata* distribution of Shares equal to the number of Shares that the Grantee otherwise would have received had the Performance Restrictions been met at target for the Performance Period. Such *pro rata* grant of Shares shall be determined using a fraction, where the numerator shall be the number
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of full or partial calendar months elapsed between the Date of Grant and the date the Grantee terminates Service, and the denominator shall be the number of full or partial calendar months elapsed between the Date of Grant and [_____]. For purposes of this Agreement, “Retirement” means the Grantee’s attainment of age 55 and 10 years of Service.

- (d) Change in Control. Notwithstanding the foregoing provisions, in the event of a Change in Control, the Performance Shares under this Agreement shall vest in accordance with Article XVI of the Plan. In the event of any conflict between Article XVI of the Plan and this Agreement, Article XVI shall control.
- (e) Code Section 162(m) Limitation. Notwithstanding the previous provisions of this Section, during any calendar year with respect to which the Grantee is a Covered Officer (for purposes of Internal Revenue Code (“Code”) Section 162 (m)), if the Grantee otherwise would vest in a number of Performance Shares under this Section, the Grantee instead may vest only with respect to a sufficient number of Performance Shares whose aggregate Fair Market Value on the date such restrictions would, when added to the Grantee’s “applicable employee remuneration” (as defined in Code Section 162(m)) for the applicable calendar year that does not constitute “qualified performance-based compensation” (as defined in Code Section 162(m)), not exceed the aggregate amount of \$999,999.00 for the applicable calendar year (the “Limitation”).

To the extent the restrictions on any Performance Shares do not lapse due to the application of this Section, the restrictions on such Performance Shares shall lapse on the first to occur of:

- (i) the last business day of any subsequent calendar year or years to the extent that the Limitation is not exceeded for such year or years;
- (ii) the date next following the Grantee’s termination of Service for any reason other than for Cause,
or
- (iii) the first business day of the year next following the year with respect to which the Grantee ceases to be a Covered Officer.

The Company will make all determinations as to whether the lapse of restrictions on any Performance Shares is delayed in accordance with this Section. Such determinations will be made on a uniform and non-discriminatory basis consistent with the requirements under Code Section 409A.

Section 5. Delivery of Shares. Once Performance Shares have vested under this Agreement, the Company will convert the Performance Shares in the Grantee’s Performance Share Account into Shares and deliver the total number of Shares due to the Grantee as soon as administratively possible after such date, but no later than [_____]. The delivery of the Shares shall be subject to payment of the applicable withholding tax liability and the forfeiture provisions of this Agreement. If the Grantee dies before the Company has distributed any portion of the vested Performance Shares, the Company will transfer any Shares with respect to the vested Performance Shares in accordance with the Grantee’s written beneficiary designation or to the Grantee’s estate if no written beneficiary designation is provided.

Section 6. Withholding of Taxes. The Company shall have the power and the right to deduct or withhold, or require the Grantee to remit to the Company, an amount sufficient to satisfy federal, state, and

local taxes, domestic or foreign, required by law or regulation to be withheld with respect to any taxable event arising as a result of this Agreement.

Section 7. Securities Law Compliance. The delivery of all or any Shares that relate to the Performance Shares shall only be effective at such time that the issuance of such Shares will not violate any state or federal securities or other laws. The Company is under no obligation to effect any registration of Shares under the Securities Act of 1933 or to effect any state registration or qualification of the Shares that may be issued under this Agreement. The Company may, in its sole discretion, delay the delivery of Shares or place restrictive legends on Shares in order to ensure that the issuance of any Shares will be in compliance with federal or state securities laws and the rules of any exchange upon which the Company's Shares are traded. If the Company delays the delivery of Shares in order to ensure compliance with any state or federal securities or other laws, the Company shall deliver the Shares at the earliest date at which the Company reasonably believes that such delivery will not cause such violation, or at such later date that may be permitted under Code Section 409A.

Section 8. Restriction on Transferability. Except as otherwise provided under the Plan, until the Performance Shares have vested under this Agreement, the Performance Shares granted herein and the rights and privileges conferred hereby may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated (by operation of law or otherwise), other than by will or the laws of descent and distribution. Any attempted transfer in violation of the provisions of this paragraph shall be void, and the purported transferee shall obtain no rights with respect to such Performance Shares.

Section 9. Grantee's Rights Unsecured. The right of the Grantee or his or her beneficiary to receive a distribution hereunder shall be an unsecured claim against the general assets of the Company, and neither the Grantee nor his or her beneficiary shall have any rights in or against any amounts credited to the Grantee's Performance Share Account or any other specific assets of the Company. All amounts credited to the Grantee's Performance Share Account shall constitute general assets of the Company and may be disposed of by the Company at such time and for such purposes, as it may deem appropriate.

Section 10. No Rights as Stockholder or Employee.

- (a) The Grantee shall not have any privileges of a stockholder of the Company with respect to any Performance Shares subject to this Agreement, nor shall the Company have any obligation to issue any dividends or otherwise afford any rights to which Shares are entitled with respect to any such Performance Shares.
- (b) Nothing in this Agreement or the Award shall confer upon the Grantee any right to continue as an Employee of the Company or any Affiliate or to interfere in any way with the right of the Company or any Affiliate to terminate the Grantee's Service at any time.

Section 11. Adjustments. If at any time while the Award is outstanding, the number of outstanding Performance Shares is changed by reason of a reorganization, recapitalization, stock split or any of the other events described in the Plan, the number and kind of Performance Shares shall be adjusted in accordance with the provisions of the Plan. In the event of certain corporate events specified in Article XVI of the Plan, any unvested Performance Shares may be replaced by substituted Awards or forfeited in exchange for payment of cash in accordance with the procedures and provisions of Article XVI of the Plan.

Section 12. Notices. Any notice hereunder by the Grantee shall be given to the Company in writing and such notice shall be deemed duly given only upon receipt thereof at the following address: Corporate

Secretary, NiSource Inc., 801 East 86th Avenue, Merrillville, IN 46410-6271, or at such other address as the Company may designate by notice to the Grantee.

Any notice hereunder by the Company shall be given to the Grantee in writing and such notice shall be deemed duly given only upon receipt thereof at such address as the Grantee may have on file with the Company.

Section 13. Administration. The administration of this Agreement, including the interpretation and amendment or termination of this Agreement, will be performed in accordance with the Plan. All determinations and decisions made by the Committee, the Board, or any delegate of the Committee as to the provisions of this Agreement shall be conclusive, final, and binding on all persons. This Agreement at all times shall be governed by the Plan and in no way alter or modify the Plan. To the extent a conflict exists between this Agreement and the Plan, the provisions of the Plan shall govern. Notwithstanding the foregoing, if subsequent guidance is issued under Code Section 409A that would impose additional taxes, penalties, or interest to either the Company or the grantee, the Company may administer this Agreement in accordance with such guidance and amend this Agreement without the Consent of the Grantee to the extent such actions, in the reasonable judgment of the Company, are considered necessary to avoid the imposition of such additional taxes, penalties, or interest.

Section 14. Governing Law. This Agreement shall be construed and enforced in accordance with the laws of the State of Indiana, without giving effect to the choice of law principles thereof.

Section 15. Government Regulations. Notwithstanding anything contained herein to the contrary, the Company's obligation to issue or deliver certificates evidencing the Performance Shares shall be subject to all applicable laws, rules and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

Section 16. Entire Agreement; Code Section 409A Compliance. This Agreement and the Plan contain the terms and conditions with respect to the subject matter hereof and supersede any previous agreements, written or oral, relating to the subject matter hereof. This Agreement is pursuant to the terms of the Company's 2010 Omnibus Incentive Plan (the "Plan"). The applicable terms of the Plan are incorporated herein by reference, including the definition of capitalized terms contained in the Plan, and including the Code Section 409A provisions of Section XIX of the Plan. This Agreement shall be interpreted in accordance with Code Section 409A including the rules related to payment timing for specified employees. This Agreement shall be deemed to be modified to the maximum extent necessary to be in compliance with Code Section 409A's rules. If the Grantee is unexpectedly required to include in the Grantee's current year's income any amount of compensation relating to the Performance Shares because of a failure to meet the requirements of Code Section 409A, then to the extent permitted by Code Section 409A, the Grantee may receive a distribution of Shares in an amount not to exceed the amount required to be included in income as a result of the failure to comply with Code Section 409A.

IN WITNESS WHEREOF, the Company has caused this Award to be granted, and the Grantee has accepted this Award, as of the date first above written.

NISOURCE INC.

GRANTEE

By: _____

By: _____

Its: _____

**Certification Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002**

I, Joseph Hamrock, certify that:

1. I have reviewed this Quarterly Report of NiSource Inc. on Form 10-Q for the quarter ended March 31, 2016 ;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 3, 2016

By:

/s/ Joseph Hamrock

Joseph Hamrock
President and Chief Executive Officer

**Certification Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002**

I, Donald E. Brown, certify that:

1. I have reviewed this Quarterly Report of NiSource Inc. on Form 10-Q for the quarter ended March 31, 2016 ;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 3, 2016

By:

/s/ Donald E. Brown

Donald E. Brown
Executive Vice President and Chief
Financial Officer

**Certification Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report of NiSource Inc. (the "Company") on Form 10-Q for the quarter ending March 31, 2016 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Joseph Hamrock, Chief Executive Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Joseph Hamrock

Joseph Hamrock
President and Chief Executive Officer

Date: May 3, 2016

**Certification Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report of NiSource Inc. (the "Company") on Form 10-Q for the quarter ending March 31, 2016 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Donald E. Brown, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Donald E. Brown

Donald E. Brown
Executive Vice President and Chief Financial Officer

Date: May 3, 2016

Columbia Gas of Kentucky, Inc.
CASE NO. 2016-00162
Forecasted Test Period Filing Requirements
807 KAR 5:001 Section 16-(7)(q)

Description of Filing Requirement:

The independent auditor's annual opinion report, with any written communication from the independent auditor to the utility that indicates the existence of a material weakness in the utility's internal controls;

Response:

Please refer to the attached.

Responsible Witness:

Jana T. Croom

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of NiSource Inc.
Merrillville, Indiana

We have audited the accompanying consolidated balance sheets and statements of consolidated long-term debt of NiSource Inc. and subsidiaries (the "Company") as of December 31, 2015 and 2014, and the related consolidated statements of income, comprehensive income, common stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2015. Our audits also included the financial statement schedule listed in the Index at item 15. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of the NiSource Inc. and subsidiaries as of December 31, 2015 and 2014, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2015, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

As discussed in Note 22 to the consolidated financial statements, on July 1, 2015 the Company completed the spin-off of its subsidiary Columbia Pipeline Group, Inc.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2015, based on the criteria established in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 18, 2016 expressed an unqualified opinion on the Company's internal control over financial reporting.

Deloitte + Touche LLP

Chicago, Illinois
February 18, 2016

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of NiSource Inc.
Merrillville, Indiana

We have audited the internal control over financial reporting of NiSource Inc. and subsidiaries (the "Company") as of December 31, 2015, based on criteria established in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015, based on the criteria established in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements and financial statement schedule as of and for the year ended December 31, 2015, of the Company and our report dated February 18, 2016 expressed an unqualified opinion on those financial statements and financial statement schedule and included an explanatory paragraph relating to the Company's spin-off of its subsidiary Columbia Pipeline Group, Inc. on July 1, 2015.

Deloitte + Touche LLP

Chicago, Illinois
February 18, 2016

Columbia Gas of Kentucky, Inc.
CASE NO. 2016-00162
Forecasted Test Period Filing Requirements
807 KAR 5:001 Section 16-(7)(r)

Description of Filing Requirement:

The quarterly reports to the stockholders for the most recent five (5) quarters;

Response:

Quarterly reports to the stockholders are not issued.

Responsible Witness:

Jana T. Croom

Columbia Gas of Kentucky, Inc.
CASE NO. 2016-00162
Forecasted Test Period Filing Requirements
807 KAR 5:001 Section 16-(7)(s)

Description of Filing Requirement:

The summary of the latest depreciation study with schedules itemized by major plant accounts, except that telecommunications utilities that have adopted the commission's average depreciation rates shall provide a schedule that identifies the current and base period depreciation rates used by major plant accounts. If the required information has been filed in another commission case, a reference to that case's number shall be sufficient;

Response:

Please refer to the attached.

Responsible Witness:

John J. Spanos



A NiSource Company

2015 DEPRECIATION STUDY

CALCULATED ANNUAL DEPRECIATION
ACCRUALS RELATED TO GAS PLANT
AS OF DECEMBER 31, 2015

Prepared by:



*Excellence Delivered **As Promised***

COLUMBIA GAS OF KENTUCKY, INC.
Lexington, Kentucky

2015 DEPRECIATION STUDY

CALCULATED ANNUAL DEPRECIATION
ACCRUALS RELATED TO GAS PLANT
AS OF DECEMBER 31, 2015

GANNETT FLEMING VALUATION AND RATE CONSULTANTS, LLC
Camp Hill, Pennsylvania



Excellence Delivered *As Promised*

May 13, 2016

Columbia Gas of Kentucky, Inc.
2001 Mercer Road
Lexington, KY 40512

Attention Ms. Judy Cooper
Director of Regulatory Affairs

Ladies and Gentlemen:

Pursuant to your request, we have conducted a depreciation study related to the gas plant of Columbia Gas of Kentucky, Inc. as of December 31, 2015. The attached report presents a description of the methods used in the estimation of depreciation, the summary of annual depreciation accrual rates, the statistical support for the life and net salvage estimates and the detailed tabulations of annual depreciation.

Respectfully submitted,

GANNETT FLEMING VALUATION
AND RATE CONSULTANTS, LLC.

A handwritten signature in black ink that reads "John J. Spanos".

JOHN J. SPANOS
Sr. Vice President

JJS:krm

060900.000

Gannett Fleming Valuation and Rate Consultants, LLC

P.O. Box 67100 • Harrisburg, PA 17106-7100 | 207 Senate Avenue • Camp Hill, PA 17011
t: 717.763.7211 • f: 717.763.4590

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COLUMBIA GAS OF KENTUCKY, INC.

DEPRECIATION STUDY

EXECUTIVE SUMMARY

Pursuant to Columbia Gas of Kentucky, Inc.'s ("CGK" or "Company") request, Gannett Fleming Valuation and Rate Consultants, LLC ("Gannett Fleming") conducted a depreciation study related to the gas plant of CGK as of December 31, 2015. The purpose of this study was to determine the annual depreciation accrual rates and amounts for book and ratemaking purposes.

The depreciation rates are based on the straight line method using the equal life group ("ELG") procedure and were applied on a remaining life basis. The calculations were based on attained ages and estimated average service life, and forecasted net salvage characteristics for each depreciable group of assets.

CGK's accounting policy has not changed since the last depreciation study. However, there have been changes in the life and salvage estimates since the last depreciation study which creates new depreciation rates than what currently are utilized.

Gannett Fleming recommends the calculated annual depreciation accrual rates set forth herein apply specifically to gas plant in service as of December 31, 2015 as summarized by Table 1 of the study. Supporting analysis and calculations are provided within the study.

The study results set forth an annual depreciation expense of \$14.1 million when applied to depreciable plant balances as of December 31, 2015. The results are summarized at the functional level as follows:

SUMMARY OF ORIGINAL COST, ACCRUAL RATES AND AMOUNTS

<u>FUNCTION</u>	<u>ORIGINAL COST</u>	<u>PROPOSED RATE</u>	<u>ANNUAL ACCRUAL</u>
DISTRIBUTION PLANT	\$383,319,781.40	3.37	\$12,906,486
GENERAL PLANT	4,824,680.84	6.47	312,292
UNRECOVERED RESERVE AMORTIZATION	-	-	71,660
AMORTIZABLE PLANT	4,823,336.41	-	800,220
NONDEPRECIABLE PLANT	<u>1,817,112.03</u>	-	<u>-</u>
TOTAL	<u>\$394,784,910.68</u>	<u>3.57</u>	<u>\$14,090,658</u>

PART I. INTRODUCTION

**COLUMBIA GAS OF KENTUCKY, INC.
DEPRECIATION STUDY**

PART I. INTRODUCTION

SCOPE

This report sets forth the results of the depreciation study for Columbia Gas of Kentucky, Inc. ("CGK"), to determine the annual depreciation accrual rates and amounts for book purposes applicable to the original cost of gas plant as of December 31, 2015. The rates and amounts are based on the straight line remaining life method of depreciation. This report also describes the concepts, methods and judgments which underlie the recommended annual depreciation accrual rates related to gas plant in service as of December 31, 2015.

The service life and net salvage estimates resulting from the study were based on informed judgment which incorporated analyses of historical plant retirement data as recorded through 2015, a review of Company practice and outlook as they relate to plant operation and retirement, and consideration of current practice in the gas industry, including knowledge of service lives and net salvage estimates used for other gas companies.

PLAN OF REPORT

Part I, Introduction, contains statements with respect to the plan of the report, and the basis of the study. Part II, Estimation of Survivor Curves, presents descriptions of the considerations and methods used in the service life study. Part III, Service Life Considerations, presents the results of the average service life analysis. Part IV, Net Salvage Considerations, presents the results of the net salvage study. Part V, Calculation of Annual and Accrued Depreciation, describes the procedures used in the calculation of group depreciation. Part VI, Results of Study, presents summaries by

depreciable group of annual depreciation accrual rates and amounts, as well as composite remaining lives. Part VII, Service Life Statistics presents the statistical analysis of service life estimates, Part VIII, Net Salvage Statistics sets forth the statistical indications of net salvage percents, and Part IX, Detailed Depreciation Calculations presents the detailed tabulations of annual depreciation.

BASIS OF THE STUDY

Depreciation

Depreciation, in public utility regulation, is the loss in service value not restored by current maintenance, incurred in connection with the consumption or prospective retirement of utility plant in the course of service from causes which are known to be in current operation and against which the utility is not protected by insurance. Among causes to be given consideration are wear and tear, deterioration, action of the elements, inadequacy, obsolescence, changes in the art, changes in demand, and the requirements of public authorities.

Depreciation, as used in accounting, is a method of distributing fixed capital costs, less net salvage, over a period of time by allocating annual amounts to expense. Each annual amount of such depreciation expense is part of that year's total cost of providing gas utility service. Normally, the period of time over which the fixed capital cost is allocated to the cost of service is equal to the period of time over which an item renders service, that is, the item's service life. The most prevalent method of allocation is to distribute an equal amount of cost to each year of service life. This method is known as the straight-line method of depreciation.

For most accounts, the annual depreciation was calculated by the straight line method using the equal life group procedure and the remaining life basis. For certain General Plant accounts, the annual depreciation is based on amortization accounting.

Both types of calculations were based on original cost, attained ages, and estimates of service lives and net salvage.

The straight line method, equal life group procedure is a commonly used depreciation calculation procedure that has been accepted in jurisdictions throughout North America. Amortization accounting is used for certain General Plant accounts because of the disproportionate plant accounting effort required when compared to the minimal original cost of the large number of items in these accounts. An explanation of the calculation of annual and accrued amortization is presented beginning on page V-8 of the report.

Service Life and Net Salvage Estimates

The service life and net salvage estimates used in the depreciation and amortization calculations were based on informed judgment which incorporated a review of management's plans, policies and outlook, a general knowledge of the gas utility industry, and comparisons of the service life and net salvage estimates from our studies of other gas utilities. The use of survivor curves to reflect the expected dispersion of retirement provides a consistent method of estimating depreciation for gas plant. Iowa type survivor curves were used to depict the estimated survivor curves for the plant accounts not subject to amortization accounting.

The procedure for estimating service lives consisted of compiling historical data for the plant accounts or depreciable groups, analyzing this history through the use of widely accepted techniques, and forecasting the survivor characteristics for each depreciable group on the basis of interpretations of the historical data analyses and the probable future. The combination of the historical experience and the estimated future yielded estimated survivor curves from which the average service lives were derived.

PART II. ESTIMATION OF SURVIVOR CURVES

PART II. ESTIMATION OF SURVIVOR CURVES

The calculation of annual depreciation based on the straight line method requires the estimation of survivor curves and the selection of group depreciation procedures. The estimation of survivor curves is discussed below and the development of net salvage is discussed in later sections of this report.

SURVIVOR CURVES

The use of an average service life for a property group implies that the various units in the group have different lives. Thus, the average life may be obtained by determining the separate lives of each of the units, or by constructing a survivor curve by plotting the number of units which survive at successive ages.

The survivor curve graphically depicts the amount of property existing at each age throughout the life of an original group. From the survivor curve, the average life of the group, the remaining life expectancy, the probable life, and the frequency curve can be calculated. In Figure 1, a typical smooth survivor curve and the derived curves are illustrated. The average life is obtained by calculating the area under the survivor curve, from age zero to the maximum age, and dividing this area by the ordinate at age zero. The remaining life expectancy at any age can be calculated by obtaining the area under the curve, from the observation age to the maximum age, and dividing this area by the percent surviving at the observation age. For example, in Figure 1, the remaining life at age 30 is equal to the crosshatched area under the survivor curve divided by 29.5 percent surviving at age 30. The probable life at any age is developed by adding the age and remaining life. If the probable life of the property is calculated for each year of age, the probable life curve shown in the chart can be developed. The frequency curve presents the number of units retired in each age interval. It is derived by obtaining the

differences between the amount of property surviving at the beginning and at the end of each interval.

This study has incorporated the use of Iowa curves developed from a retirement rate analysis of historical retirement history. A discussion of the concepts of survivor curves and of the development of survivor curves using the retirement rate method is presented below.

Iowa Type Curves

The range of survivor characteristics usually experienced by utility and industrial properties is encompassed by a system of generalized survivor curves known as the Iowa type curves. There are four families in the Iowa system, labeled in accordance with the location of the modes of the retirements in relationship to the average life and the relative height of the modes. The left moded curves, presented in Figure 2, are those in which the greatest frequency of retirement occurs to the left of, or prior to, average service life. The symmetrical moded curves, presented in Figure 3, are those in which the greatest frequency of retirement occurs at average service life. The right moded curves, presented in Figure 4, are those in which the greatest frequency occurs to the right of, or after, average service life. The origin moded curves, presented in Figure 5, are those in which the greatest frequency of retirement occurs at the origin, or immediately after age zero. The letter designation of each family of curves (L, S, R or O) represents the location of the mode of the associated frequency curve with respect to the average service life. The numbers represent the relative heights of the modes of the frequency curves within each family.

The Iowa curves were developed at the Iowa State College Engineering Experiment Station through an extensive process of observation and classification of the ages at which industrial property had been retired. A report of the study which resulted in the classification of property survivor characteristics into 18 type curves,

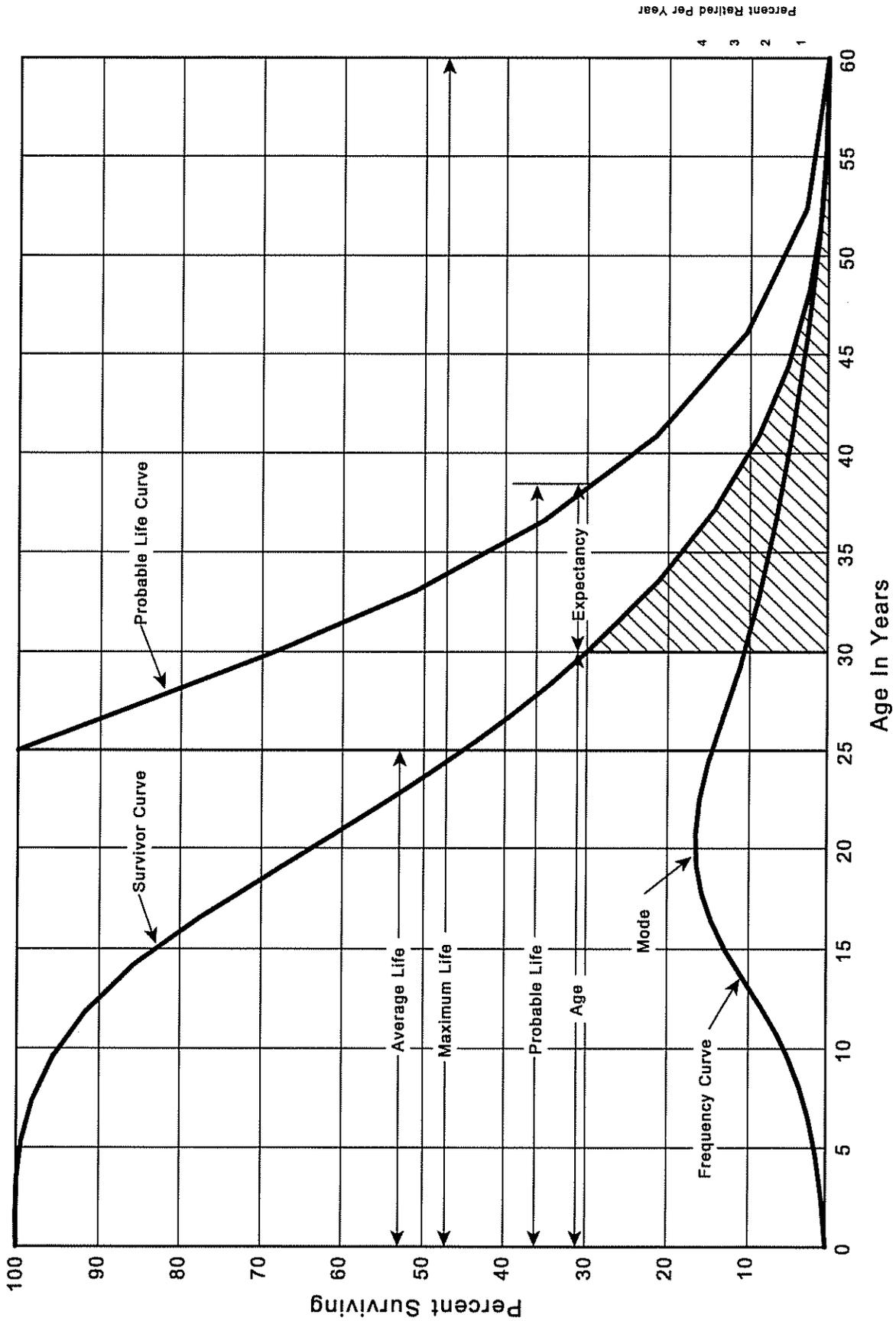


Figure 1. A Typical Survivor Curve and Derived Curves

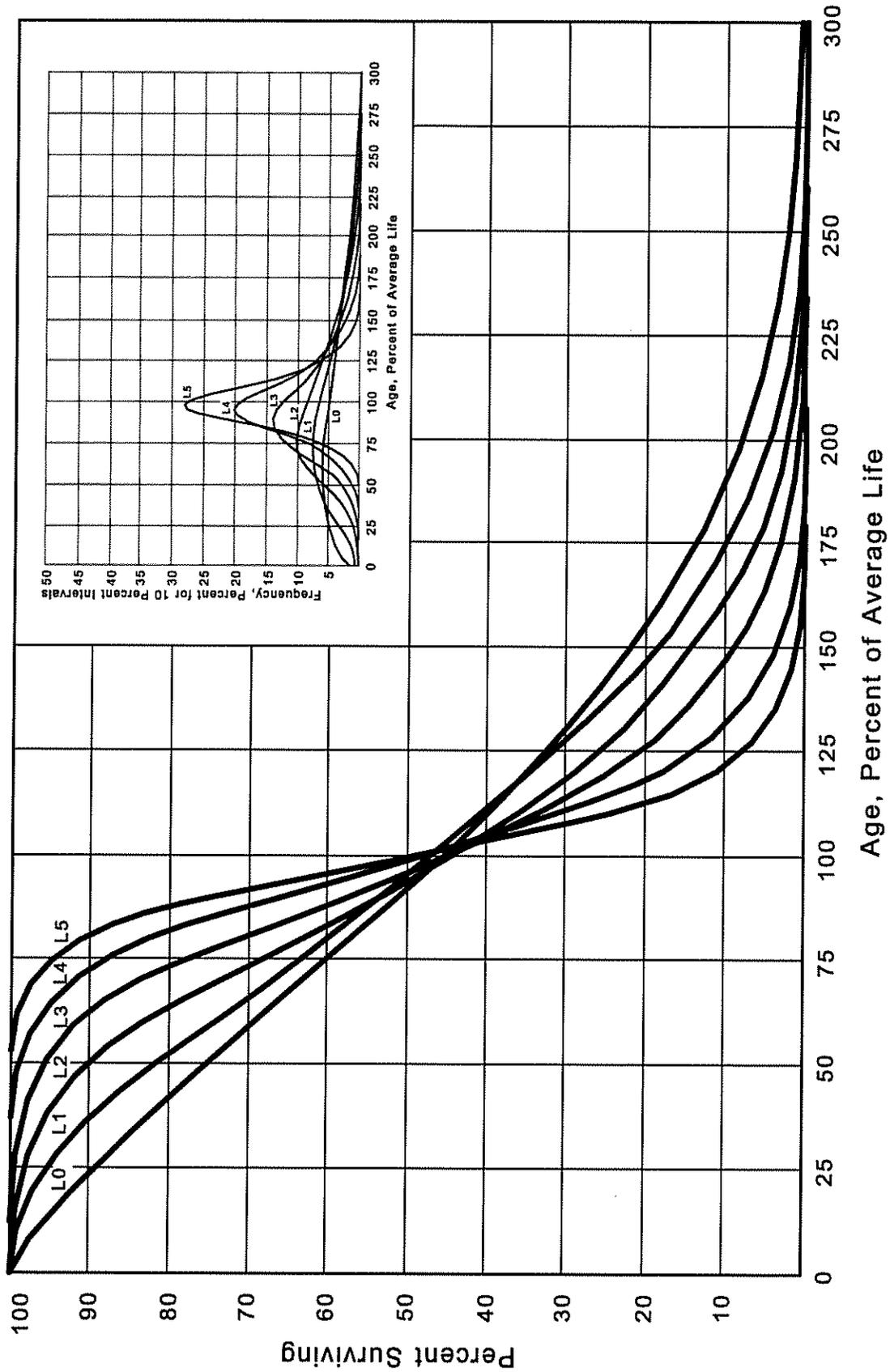


Figure 2. Left Modal or "L" Iowa Type Survivor Curves

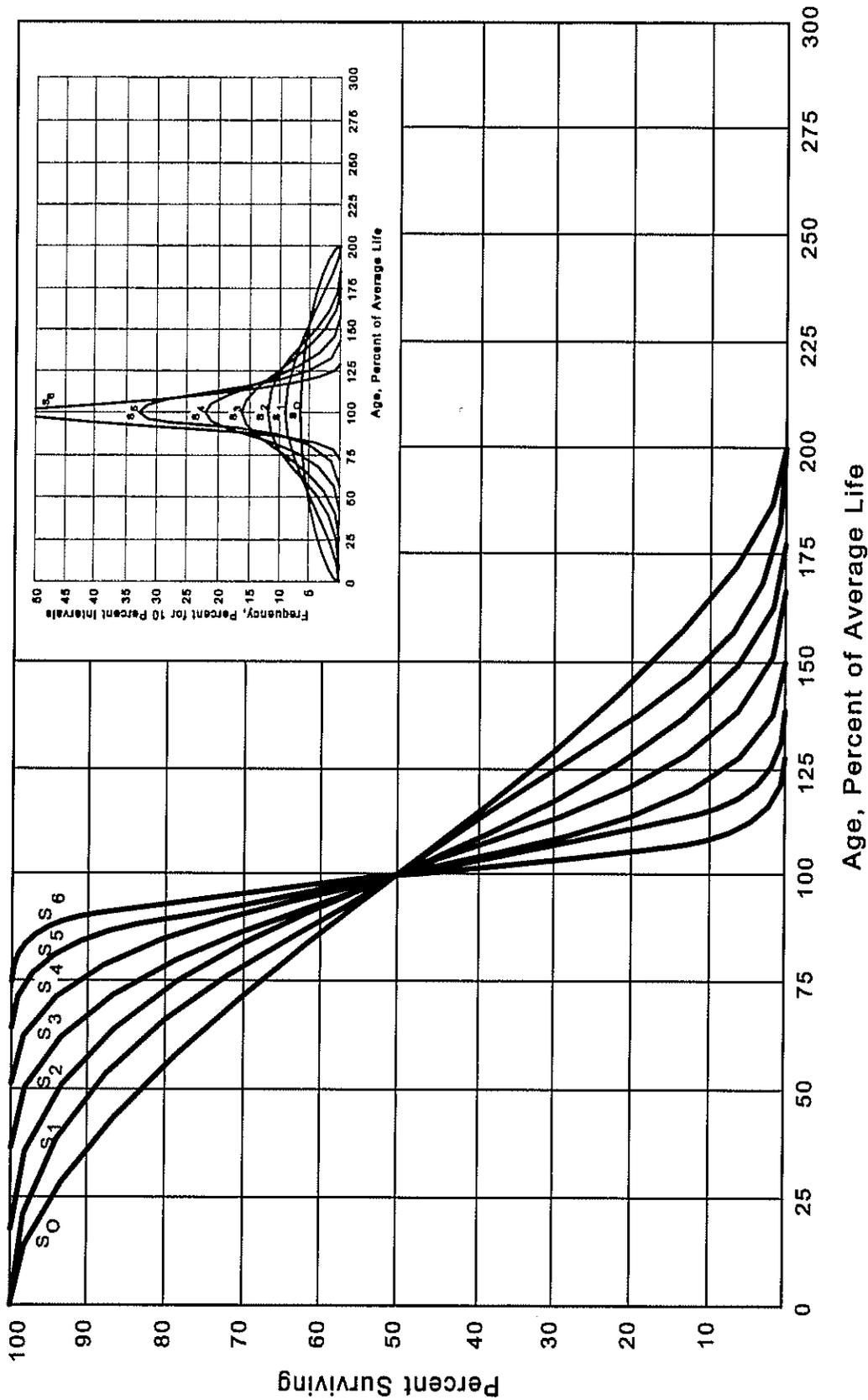


Figure 3. Symmetrical or "S" Iowa Type Survivor Curves

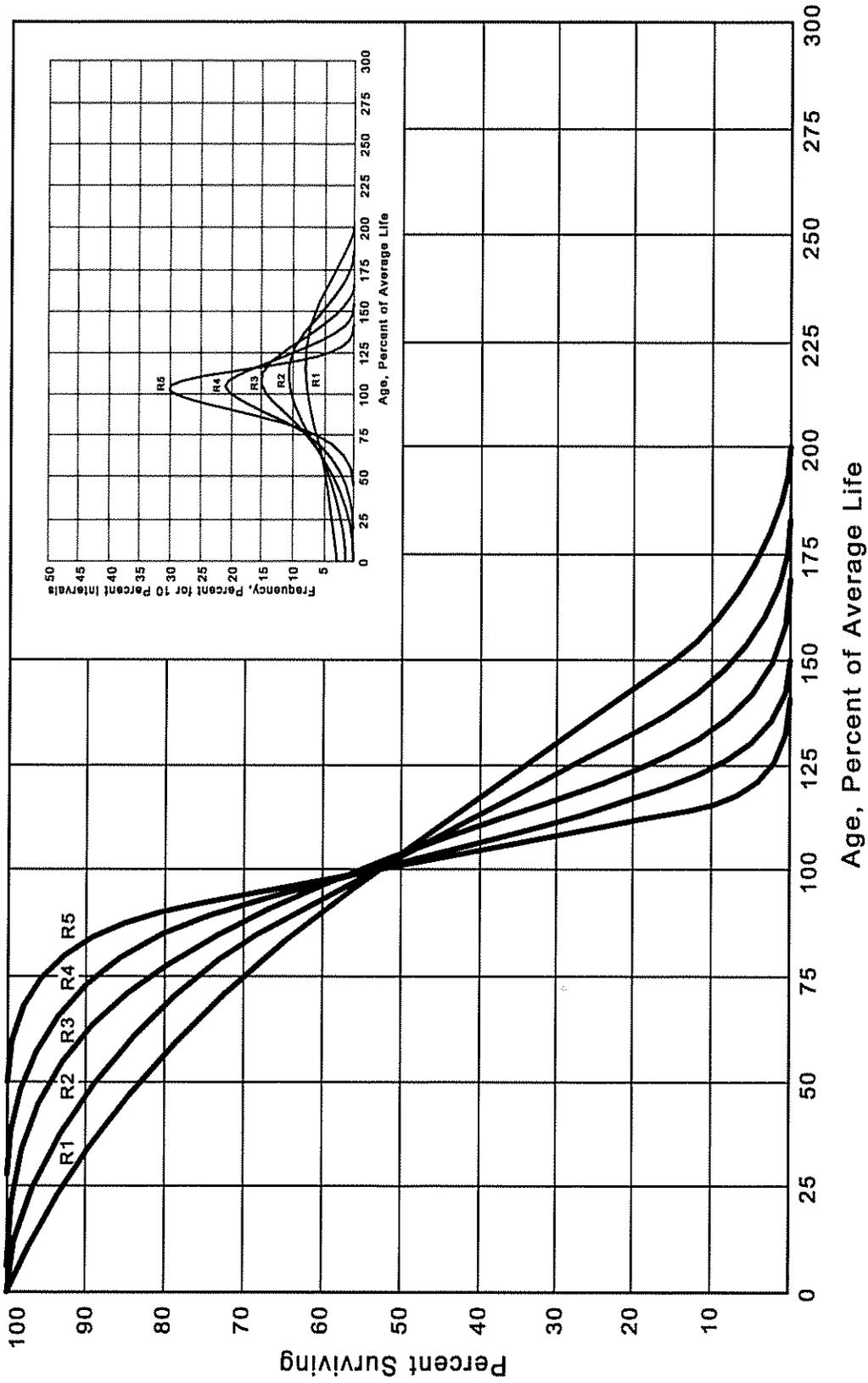


Figure 4. Right Modal or "R" Iowa Type Survivor Curves

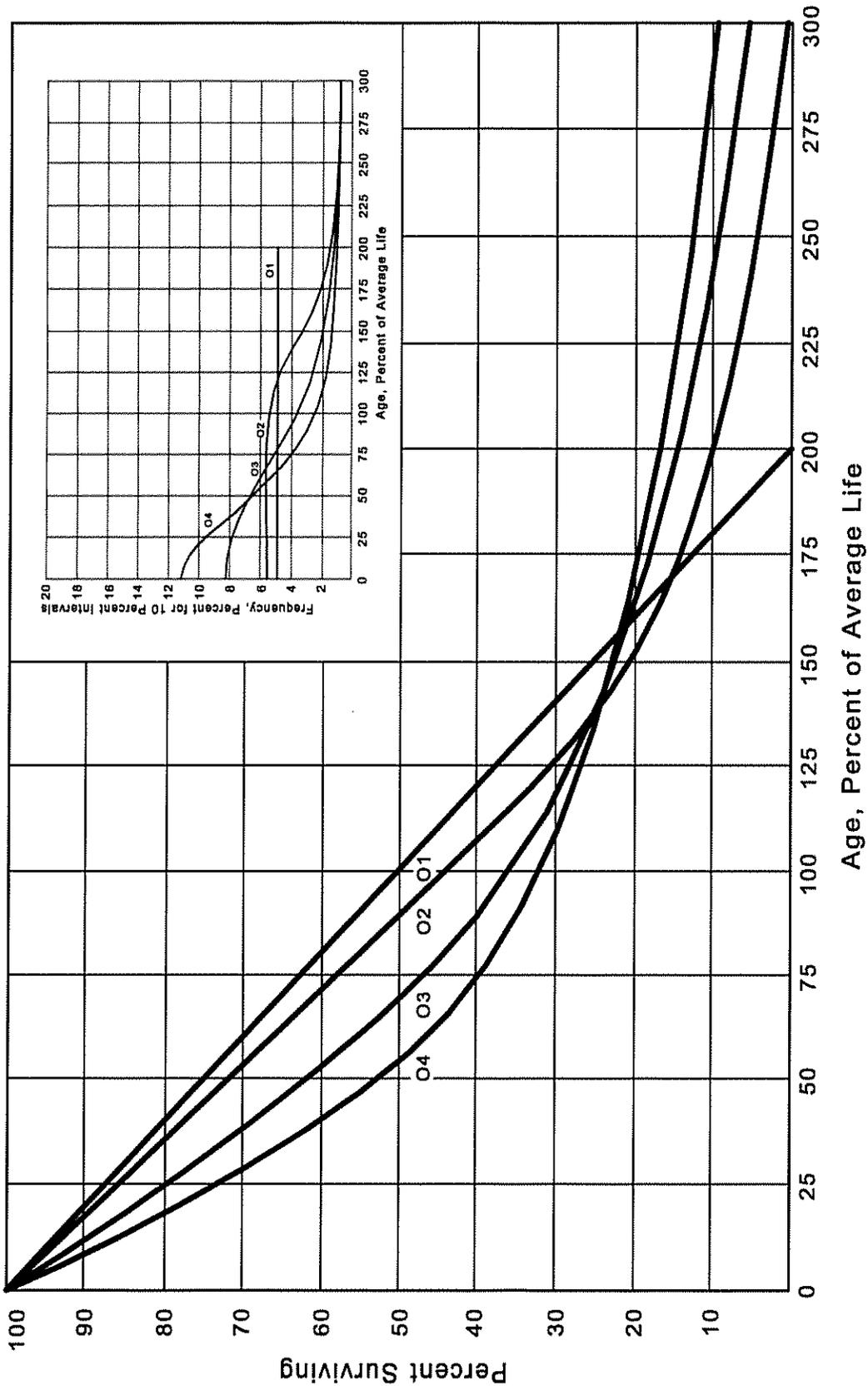


Figure 5. Origin Modal or "O" Iowa Type Survivor Curves

which constitute three of the four families, was published in 1935 in the form of the Experiment Station's Bulletin 125. These curve types have also been presented in subsequent Experiment Station bulletins and in the text, "Engineering Valuation and Depreciation."¹ In 1957, Frank V. B. Couch, Jr., an Iowa State College graduate student submitted a thesis presenting his development of the fourth family consisting of the four O type survivor curves.

Retirement Rate Method of Analysis

The retirement rate method is an actuarial method of deriving survivor curves using the average rates at which property of each age group is retired. The method relates to property groups for which aged accounting experience is available and is the method used to develop the original stub survivor curves in this study. The method (also known as the annual rate method) is illustrated through the use of an example in the following text, and is also explained in several publications, including "Statistical Analyses of Industrial Property Retirements,"² "Engineering Valuation and Depreciation,"³ and "Depreciation Systems."⁴

The average rate of retirement used in the calculation of the percent surviving for the survivor curve (life table) requires two sets of data: first, the property retired during a period of observation, identified by the property's age at retirement; and second, the property exposed to retirement at the beginning of the age intervals during the same period. The period of observation is referred to as the experience band, and the band of years which represent the installation dates of the property exposed to retirement during the experience band is referred to as the placement band. An example of the calculations used in the development of a life table follows. The example includes

¹Marston, Anson, Robley Winfrey and Jean C. Hempstead. Engineering Valuation and Depreciation, 2nd Edition. New York, McGraw-Hill Book Company. 1953.

²Winfrey, Robley, Statistical Analyses of Industrial Property Retirements. Iowa State College. Engineering Experiment Station, Bulletin 125. 1935.

³Marston, Anson, Robley Winfrey, and Jean C. Hempstead, Supra Note 1.

⁴Wolf, Frank K. and W. Chester Fitch. Depreciation Systems. Iowa State University Press. 1994.

schedules of annual aged property transactions, a schedule of plant exposed to retirement, a life table and illustrations of smoothing the stub survivor curve.

Schedules of Annual Transactions in Plant Records

The property group used to illustrate the retirement rate method is observed for the experience band 2006-2015 during which there were placements during the years 2001-2015. In order to illustrate the summation of the aged data by age interval, the data were compiled in the manner presented in Schedules 1 and 2 on pages II-11 and II-12. In Schedule 1, the year of installation (year placed) and the year of retirement are shown. The age interval during which a retirement occurred is determined from this information. In the example which follows, \$10,000 of the dollars invested in 2001 were retired in 2006. The \$10,000 retirement occurred during the age interval between 4½ and 5½ years on the basis that approximately one-half of the amount of property was installed prior to and subsequent to July 1 of each year. That is, on the average, property installed during a year is placed in service at the midpoint of the year for the purpose of the analysis. All retirements also are stated as occurring at the midpoint of a one-year age interval of time, except the first age interval which encompasses only one-half year.

The total retirements occurring in each age interval in a band are determined by summing the amounts for each transaction year-installation year combination for that age interval. For example, the total of \$143,000 retired for age interval 4½-5½ is the sum of the retirements entered on Schedule 1 immediately above the stair step line drawn on the table beginning with the 2006 retirements of 2001 installations and ending with the 2015 retirements of the 2010 installations. Thus, the total amount of 143 for age interval 4½-5½ equals the sum of:

$$10 + 12 + 13 + 11 + 13 + 13 + 15 + 17 + 19 + 20.$$

**SCHEDULE 1. RETIREMENTS FOR EACH YEAR 2006-2015
SUMMARIZED BY AGE INTERVAL**

Year Placed (1)	Retirements, Thousands of Dollars										Total During		Age Interval (13)
	During Year										Age Interval (12)	Age Interval (13)	
	2006 (2)	2007 (3)	2008 (4)	2009 (5)	2010 (6)	2011 (7)	2012 (8)	2013 (9)	2014 (10)	2015 (11)			
2001	10	11	12	13	14	16	23	24	25	26	26	26	13½-14½
2002	11	12	13	15	16	18	20	21	22	19	19	44	12½-13½
2003	11	12	13	14	16	17	19	21	22	18	18	64	11½-12½
2004	8	9	10	11	11	13	14	15	16	17	17	83	10½-11½
2005	9	10	11	12	13	14	16	17	19	20	20	93	9½-10½
2006	4	9	10	11	12	13	14	15	16	20	20	105	8½-9½
2007		5	11	12	13	14	15	16	18	20	20	113	7½-8½
2008		6	6	12	13	15	16	17	19	19	19	124	6½-7½
2009				6	13	15	16	17	19	19	19	131	5½-6½
2010					7	14	16	17	19	20	20	143	4½-5½
2011						8	18	20	22	23	23	146	3½-4½
2012							9	20	22	25	25	150	2½-3½
2013								11	23	25	25	151	1½-2½
2014									11	24	24	153	½-1½
2015										13	13	80	0-½
Total	53	68	86	106	128	157	196	231	273	308	1,606		

Experience Band 2006-2015

Placement Band 2001-2015

SCHEDULE 2. OTHER TRANSACTIONS FOR EACH YEAR 2006-2015
SUMMARIZED BY AGE INTERVAL

Year Placed (1)	Acquisitions, Transfers and Sales, Thousands of Dollars										Total During Age Interval (12)	Age Interval (13)	
	2006 (2)	2007 (3)	2008 (4)	2009 (5)	2010 (6)	2011 (7)	2012 (8)	2013 (9)	2014 (10)	2015 (11)			
2001	-	-	-	-	-	-	60 ^a	-	-	-	-	-	13½-14½
2002	-	-	-	-	-	-	-	-	-	-	-	-	12½-13½
2003	-	-	-	-	-	-	-	-	-	-	-	-	11½-12½
2004	-	-	-	-	-	-	-	(5) ^b	-	-	60	-	10½-11½
2005	-	-	-	-	-	-	-	6 ^a	-	-	-	-	9½-10½
2006	-	-	-	-	-	-	-	-	-	-	(5)	-	8½-9½
2007	-	-	-	-	-	-	-	-	-	-	6	-	7½-8½
2008	-	-	-	-	-	-	-	-	-	-	-	-	6½-7½
2009	-	-	-	-	-	-	-	(12) ^b	-	-	-	-	5½-6½
2010	-	-	-	-	-	-	-	-	22 ^a	-	-	-	4½-5½
2011	-	-	-	-	-	-	-	(19) ^b	-	-	10	-	3½-4½
2012	-	-	-	-	-	-	-	-	-	-	-	-	2½-3½
2013	-	-	-	-	-	-	-	-	-	(102) ^c	(121)	-	1½-2½
2014	-	-	-	-	-	-	-	-	-	-	-	-	½-1½
2015	-	-	-	-	-	-	-	-	-	-	-	-	0-½
Total	-	-	-	-	-	-	60	(30)	22	(102)	(50)	-	

^a Transfer Affecting Exposures at Beginning of Year

^b Transfer Affecting Exposures at End of Year

^c Sale with Continued Use

Parentheses Denote Credit Amount.

In Schedule 2, other transactions which affect the group are recorded in a similar manner. The entries illustrated include transfers and sales. The entries which are credits to the plant account are shown in parentheses. The items recorded on this schedule are not totaled with the retirements, but are used in developing the exposures at the beginning of each age interval.

Schedule of Plant Exposed to Retirement

The development of the amount of plant exposed to retirement at the beginning of each age interval is illustrated in Schedule 3 on page II-14. The surviving plant at the beginning of each year from 2006 through 2015 is recorded by year in the portion of the table headed "Annual Survivors at the Beginning of the Year." The last amount entered in each column is the amount of new plant added to the group during the year. The amounts entered in Schedule 3 for each successive year following the beginning balance or addition are obtained by adding or subtracting the net entries shown on Schedules 1 and 2. For the purpose of determining the plant exposed to retirement, transfers-in are considered as being exposed to retirement in this group at the beginning of the year in which they occurred, and the sales and transfers-out are considered to be removed from the plant exposed to retirement at the beginning of the following year. Thus, the amounts of plant shown at the beginning of each year are the amounts of plant from each placement year considered to be exposed to retirement at the beginning of each successive transaction year. For example, the exposures for the installation year 2011 are calculated in the following manner:

Exposures at age 0	= amount of addition	= \$750,000
Exposures at age ½	= \$750,000 - \$ 8,000	= \$742,000
Exposures at age 1½	= \$742,000 - \$18,000	= \$724,000
Exposures at age 2½	= \$724,000 - \$20,000 - \$19,000	= \$685,000
Exposures at age 3½	= \$685,000 - \$22,000	= \$663,000

**SCHEDULE 3. PLANT EXPOSED TO RETIREMENT
JANUARY 1 OF EACH YEAR 2006-2015
SUMMARIZED BY AGE INTERVAL**

Year Placed	Exposures, Thousands of Dollars											Total at	
	Annual Survivors at the Beginning of the Year											Beginning of	
	2006 (2)	2007 (3)	2008 (4)	2009 (5)	2010 (6)	2011 (7)	2012 (8)	2013 (9)	2014 (10)	2015 (11)	Age Interval (12)	Age Interval (13)	
2001	255	245	234	222	209	195	239	216	192	167	167	13½-14½	
2002	279	268	256	243	228	212	194	174	153	131	323	12½-13½	
2003	307	296	284	271	257	241	224	205	184	162	531	11½-12½	
2004	338	330	321	311	300	289	276	262	242	226	823	10½-11½	
2005	376	367	357	346	334	321	307	297	280	261	1,097	9½-10½	
2006	420 ^a	416	407	397	386	374	361	347	332	316	1,503	8½-9½	
2007	460 ^a	460 ^a	455	444	432	419	405	390	374	356	1,952	7½-8½	
2008		510 ^a	510 ^a	504	492	479	464	448	431	412	2,463	6½-7½	
2009			580 ^a	580 ^a	574	561	546	530	501	482	3,057	5½-6½	
2010				660 ^a	660 ^a	653	639	623	628	609	3,789	4½-5½	
2011					750 ^a	750 ^a	742	724	685	663	4,332	3½-4½	
2012						850 ^a	850 ^a	841	821	799	4,955	2½-3½	
2013							960 ^a	960 ^a	949	926	5,719	1½-2½	
2014								1,080 ^a	1,080 ^a	1,069	6,579	½-1½	
2015									1,220 ^a	7,490	7,490	0-½	
Total	1,975	2,382	2,824	3,318	3,872	4,494	5,247	6,017	6,852	7,799	44,780		

^aAdditions during the year

For the entire experience band 2006-2015, the total exposures at the beginning of an age interval are obtained by summing diagonally in a manner similar to the summing of the retirements during an age interval (Schedule 1). For example, the figure of 3,789, shown as the total exposures at the beginning of age interval 4½-5½, is obtained by summing:

$$255 + 268 + 284 + 311 + 334 + 374 + 405 + 448 + 501 + 609.$$

Original Life Table

The original life table, illustrated in Schedule 4 on page II-16, is developed from the totals shown on the schedules of retirements and exposures, Schedules 1 and 3, respectively. The exposures at the beginning of the age interval are obtained from the corresponding age interval of the exposure schedule, and the retirements during the age interval are obtained from the corresponding age interval of the retirement schedule. The retirement ratio is the result of dividing the retirements during the age interval by the exposures at the beginning of the age interval. The percent surviving at the beginning of each age interval is derived from survivor ratios, each of which equals one minus the retirement ratio. The percent surviving is developed by starting with 100% at age zero and successively multiplying the percent surviving at the beginning of each interval by the survivor ratio, i.e., one minus the retirement ratio for that age interval. The calculations necessary to determine the percent surviving at age 5½ are as follows:

Percent surviving at age 4½	=	88.15	
Exposures at age 4½	=	3,789,000	
Retirements from age 4½ to 5½	=	143,000	
Retirement Ratio	=	$143,000 \div 3,789,000$	= 0.0377
Survivor Ratio	=	$1.000 - 0.0377$	= 0.9623
Percent surviving at age 5½	=	$(88.15) \times (0.9623)$	= 84.83

The totals of the exposures and retirements (columns 2 and 3) are shown for the purpose of checking with the respective totals in Schedules 1 and 3. The ratio of the total retirements to the total exposures, other than for each age interval, is meaningless.

SCHEDULE 4. ORIGINAL LIFE TABLE
CALCULATED BY THE RETIREMENT RATE METHOD

Experience Band 2006-2015

Placement Band 2001-2015

(Exposure and Retirement Amounts are in Thousands of Dollars)

Age at Beginning of Interval	Exposures at Beginning of Age Interval	Retirements During Age Interval	Retirement Ratio	Survivor Ratio	Percent Surviving at Beginning of Age Interval
(1)	(2)	(3)	(4)	(5)	(6)
0.0	7,490	80	0.0107	0.9893	100.00
0.5	6,579	153	0.0233	0.9767	98.93
1.5	5,719	151	0.0264	0.9736	96.62
2.5	4,955	150	0.0303	0.9697	94.07
3.5	4,332	146	0.0337	0.9663	91.22
4.5	3,789	143	0.0377	0.9623	88.15
5.5	3,057	131	0.0429	0.9571	84.83
6.5	2,463	124	0.0503	0.9497	81.19
7.5	1,952	113	0.0579	0.9421	77.11
8.5	1,503	105	0.0699	0.9301	72.65
9.5	1,097	93	0.0848	0.9152	67.57
10.5	823	83	0.1009	0.8991	61.84
11.5	531	64	0.1205	0.8795	55.60
12.5	323	44	0.1362	0.8638	48.90
13.5	167	26	0.1557	0.8443	42.24
14.5					35.66
Total	<u>44,780</u>	<u>1,606</u>			

Column 2 from Schedule 3, Column 12, Plant Exposed to Retirement.

Column 3 from Schedule 1, Column 12, Retirements for Each Year.

Column 4 = Column 3 Divided by Column 2.

Column 5 = 1.0000 Minus Column 4.

Column 6 = Column 5 Multiplied by Column 6 as of the Preceding Age Interval.

The original survivor curve is plotted from the original life table (column 6, Schedule 4). When the curve terminates at a percent surviving greater than zero, it is called a stub survivor curve. Survivor curves developed from retirement rate studies generally are stub curves.

Smoothing the Original Survivor Curve

The smoothing of the original survivor curve eliminates any irregularities and serves as the basis for the preliminary extrapolation to zero percent surviving of the original stub curve. Even if the original survivor curve is complete from 100% to zero percent, it is desirable to eliminate any irregularities, as there is still an extrapolation for the vintages which have not yet lived to the age at which the curve reaches zero percent. In this study, the smoothing of the original curve with established type curves was used to eliminate irregularities in the original curve.

The Iowa type curves are used in this study to smooth those original stub curves which are expressed as percents surviving at ages in years. Each original survivor curve was compared to the Iowa curves using visual and mathematical matching in order to determine the better fitting smooth curves. In Figures 6, 7, and 8, the original curve developed in Schedule 4 is compared with the L, S, and R Iowa type curves which most nearly fit the original survivor curve. In Figure 6, the L1 curve with an average life between 12 and 13 years appears to be the best fit. In Figure 7, the S0 type curve with a 12-year average life appears to be the best fit and appears to be better than the L1 fitting. In Figure 8, the R1 type curve with a 12-year average life appears to be the best fit and appears to be better than either the L1 or the S0.

In Figure 9, the three fittings, 12-L1, 12-S0 and 12-R1 are drawn for comparison purposes. It is probable that the 12-R1 Iowa curve would be selected as the most representative of the plotted survivor characteristics of the group.

FIGURE 6. ILLUSTRATION OF THE MATCHING OF AN ORIGINAL SURVIVOR CURVE WITH AN L1 IOWA TYPE CURVE ORIGINAL AND SMOOTH SURVIVOR CURVES

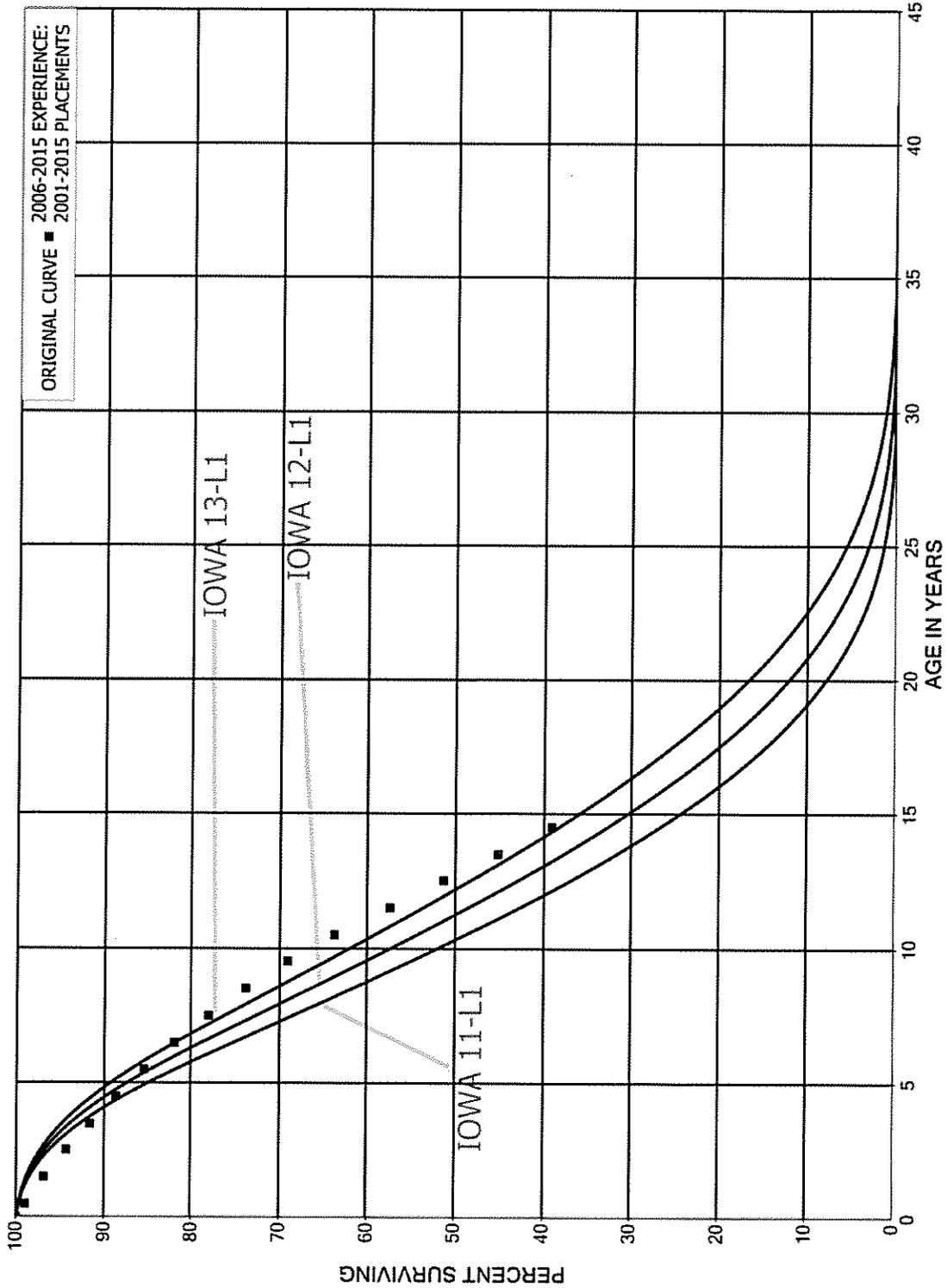


FIGURE 7. ILLUSTRATION OF THE MATCHING OF AN ORIGINAL SURVIVOR CURVE WITH AN S0 IOWA TYPE CURVE
 ORIGINAL AND SMOOTH SURVIVOR CURVES

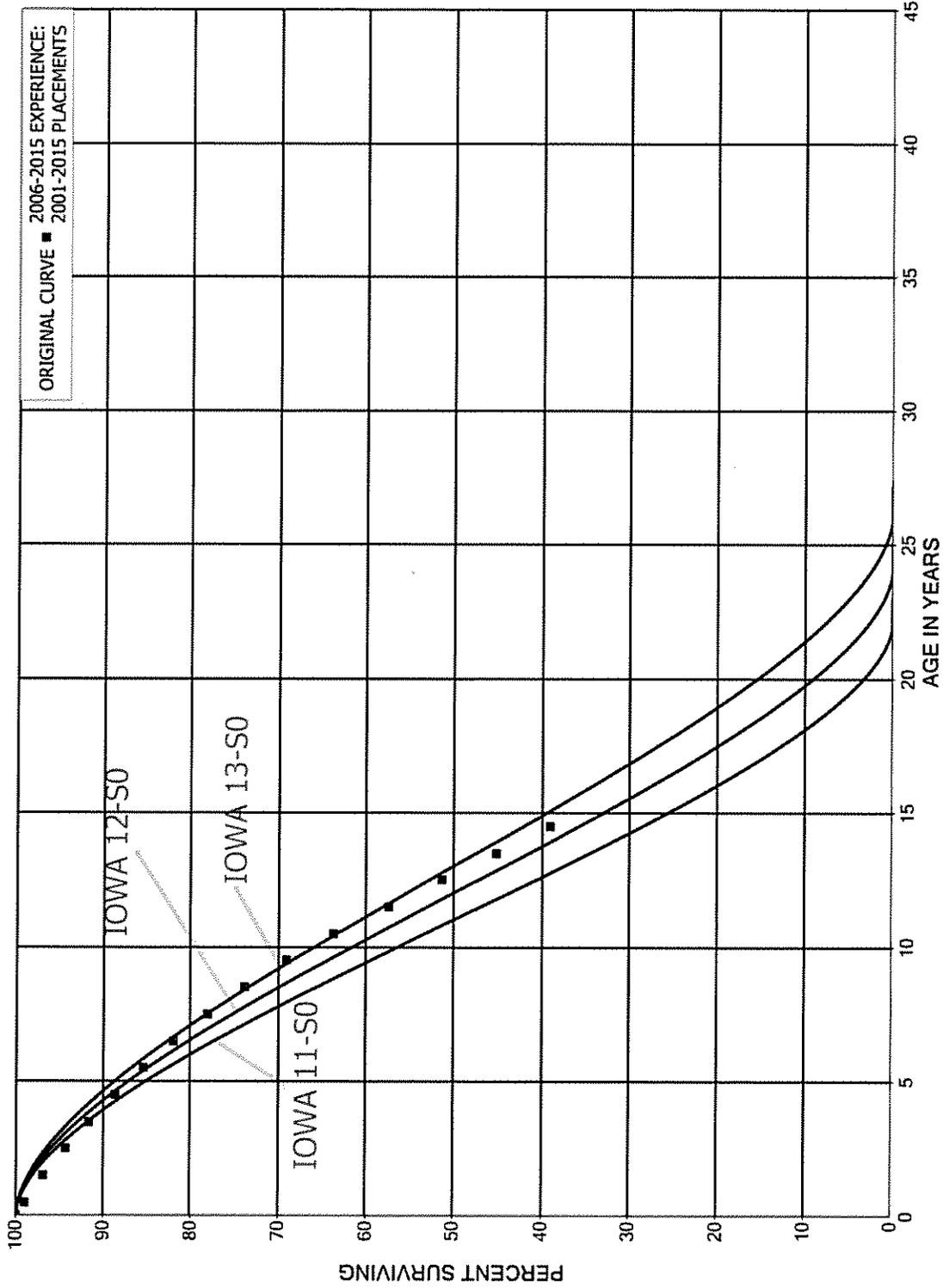


FIGURE 8. ILLUSTRATION OF THE MATCHING OF AN ORIGINAL SURVIVOR CURVE WITH AN R1 IOWA TYPE CURVE ORIGINAL AND SMOOTH SURVIVOR CURVES

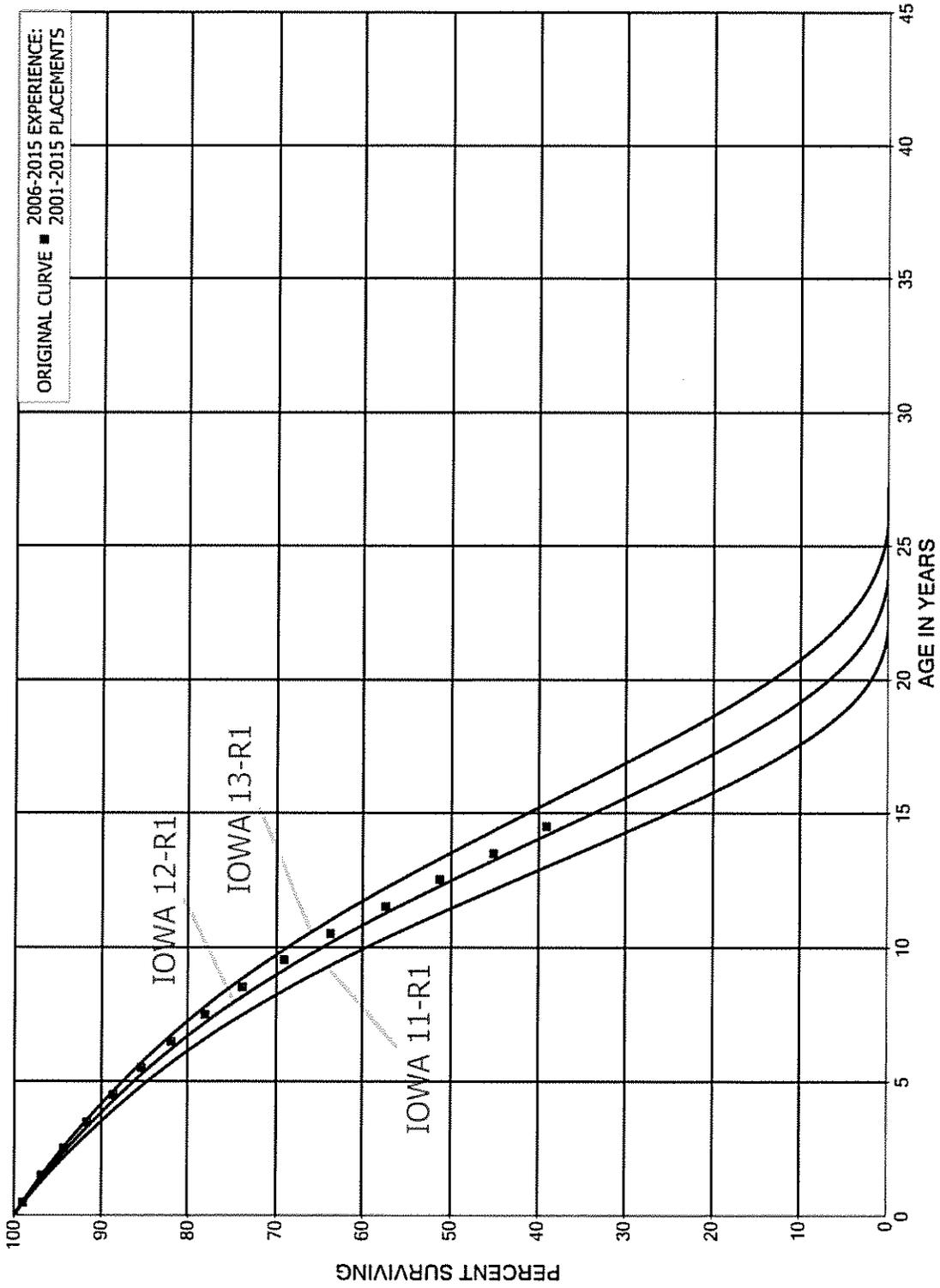
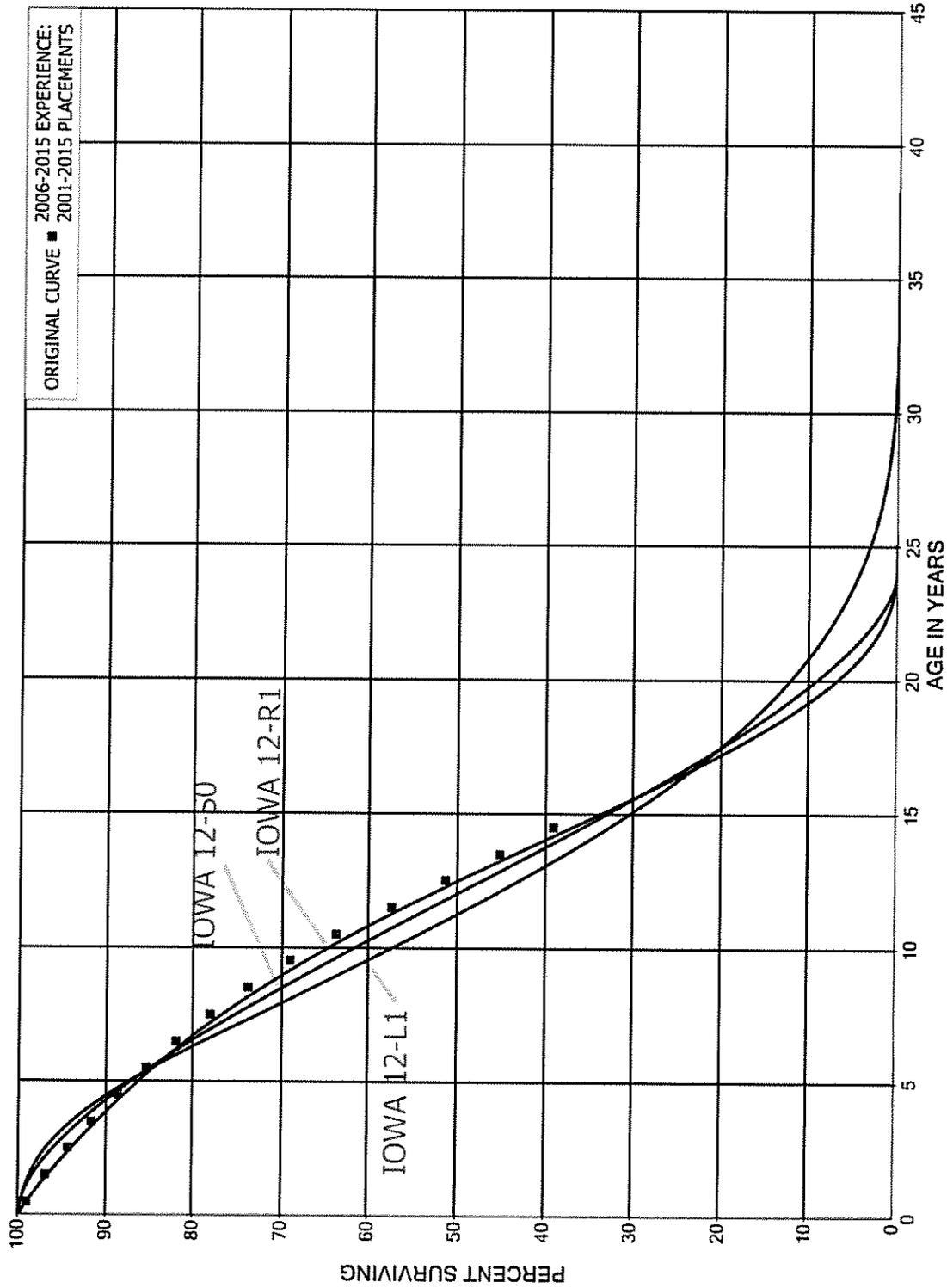


FIGURE 9. ILLUSTRATION OF THE MATCHING OF AN ORIGINAL SURVIVOR CURVE WITH AN L1, S0 AND R1 IOWA TYPE CURVE ORIGINAL AND SMOOTH SURVIVOR CURVES



PART III. SERVICE LIFE CONSIDERATIONS

PART III. SERVICE LIFE CONSIDERATIONS

FIELD TRIPS

In order to be familiar with the operation of the Company and observe representative portions of the plant, a field trip was conducted for the study. A general understanding of the function of the plant and information with respect to the reasons for past retirements and the expected future causes of retirements are obtained during field trips. This knowledge and information were incorporated in the interpretation and extrapolation of the statistical analyses.

The following is a list of the locations visited during field trips.

February 4-5, 2013

Lexington Headquarters
Jim Beam Regulating Station
Toyota Regulating Station
Turner Town Border Station

October 27-28, 2008

Lexington Operations Center
Propane Plant District Regulating Station and City Gate Station
Oakwood Drive Regulating Station (#1100)
Spindle Top/Univ. of Kentucky Research Regulating Station
Sewell Station (#1572)
Showalter Regulating Station

March 18-19, 2002

Hampton Ave. District Station
Toyota Plant District Station
Turner Town Border Station
Old Propane Plant
Lexington Office
Winchester Service Center
Measuring and Regulating Station at Rosalie Road
Keeneland Measuring and Regulating Station
Buffalo Trace Measuring and Regulating Station
Jim Beam Regulating Station
Versailles City Gate Station
Osram Sylvania Station

SERVICE LIFE ANALYSIS

The service life estimates were based on informed judgment which considered a number of factors. The primary factors were the statistical analyses of data; current Company policies and outlook as determined during conversations with management; and the survivor curve estimates from previous studies of this company and other gas companies.

For many of the plant accounts and subaccounts for which survivor curves were estimated, the statistical analyses using the retirement rate method resulted in good to excellent indications of the survivor patterns experienced. These accounts represent 94 percent of depreciable plant. Generally, the information external to the statistics led to no significant departure from the indicated survivor curves for the accounts listed below. The statistical support for the service life estimates is presented in the section beginning on page VII-2.

DISTRIBUTION PLANT

375.34	Structures and Improvements - Measuring and Regulating
375.7	Structures and Improvements - Other Distribution System Structures
376	Mains
378	Measuring and Regulating Station Equipment - General
379.1	Measuring and Regulating Station Equipment - City Gate
380	Services
381	Meters
382	Meter Installations
385	Industrial Measuring and Regulating Station Equipment
387.4	Other Equipment - Customer Information Services

GENERAL PLANT

392.2	Trailers
396	Power Operated Equipment

The combined analyses for Account 376, Mains, is used to illustrate the manner in which the study was conducted for the groups in the preceding list. Account 376 represents 51 percent of the total depreciable plant. Aged plant accounting data have been compiled for the years 1939 through 2015. These data have been coded in the course of the Company's normal record keeping according to account or property group, type of transaction, year in which the transaction took place, and year in which the gas plant was placed in service. The retirements, other plant transactions, and plant additions were analyzed by the retirement rate method.

The survivor curve estimate is based on the statistical indications for the periods 1939-2015, 1976-2015 and 1996-2015. The Iowa 70-R1.5 is an excellent fit of the original survivor curve. The 70-year service life is at the upper end, but still within, the typical service life range of 55 to 70 years for mains. The 70-year life reflects the Company's plans and practices of the past and next few years. The previous estimate was the Iowa 70-R1.5. The survivor curve for the cast iron and bare steel mains is truncated as of December 2037 to reflect the main replacement program in place for these mains. This is consistent with the past study.

The survivor curve estimate for Account 380, Services is based on statistical analyses of historical retirement experience for the periods 1939-2015, 1976-2015 and 1996-2015. The 40-R1.5 estimate for Account 380, Services, is an excellent fit of the original survivor curve developed from historical plant retirements for the period 1939 through 2015. The 40-R1.5 survivor curve sets forth the higher rates of retirement starting at approximately age 30. The 40-year average service life is within the typical range of 35 to 50 years for services. The previous estimate was the Iowa 39-R1.5.

Similar studies were performed for the remaining plant accounts. Each of the judgments represented a consideration of statistical analyses of aged plant activity, management's outlook for the future, and the typical range of lives used by other gas companies.

The selected amortization periods for other General Plant accounts are described in the section "Calculated Annual and Accrued Amortization."

PART IV. NET SALVAGE CONSIDERATIONS

PART IV. NET SALVAGE CONSIDERATIONS

SALVAGE ANALYSIS

The estimates of net salvage by account were based in part on historical data compiled for the years 1969 through 2015. Cost of removal and salvage were expressed as percents of the original cost of plant retired, both on annual and three-year moving average bases. The most recent five-year average also was calculated for consideration. The net salvage estimates by account are expressed as a percent of the original cost of plant retired.

Net Salvage Considerations

The estimates of future net salvage are expressed as percentages of surviving plant in service, i.e., all future retirements. In cases in which removal costs are expected to exceed salvage receipts, a negative net salvage percentage is estimated. The net salvage estimates were based on judgment which incorporated analyses of historical cost of removal and salvage data, expectations with respect to future removal requirements and markets for retired equipment and materials.

The analyses of historical cost of removal and salvage data are presented in the section titled "Net Salvage Statistics" for the plant accounts for which the net salvage estimate relied partially on those analyses.

Statistical analyses of historical data for the period 1969 through 2015 contributed significantly toward the net salvage estimates for 11 plant accounts, representing 93 percent of the depreciable plant, as follows:

DISTRIBUTION PLANT

376	Mains
378	Measuring and Regulating Station Equipment - General
379.1	Measuring and Regulating Station Equipment - City Gate
380	Services
381	Meters
382	Meter Installations
383	House Regulators
384	House Regulator Installations
385	Industrial Measuring and Regulating Station Equipment
387.4	Other Equipment - Customer Information Services

GENERAL PLANT

396.00	Power Operated Equipment
--------	--------------------------

Account 376, Mains, is used to illustrate the manner in which the study was conducted for the groups in the preceding list. Net salvage data for the period 1969 through 2015 were analyzed for this account. The data include cost of removal, gross salvage and net salvage amounts and each of these amounts is expressed as a percent of the original cost of regular retirements. Three-year moving averages for the 1969-1971 through 2013-2015 periods were computed to smooth the annual amounts.

Cost of removal was consistent during the overall 47-year period, 1969 - 2015. The practice of applying labor costs to removing pipe versus installing new pipe has not changed. Cost of removal for the most recent five years averaged 27 percent.

Gross salvage has varied slightly; however, the amounts have been minimal. The most recent five-year average of 0 percent gross salvage reflects recent trends of no salvage value for pipe.

The net salvage percent based on the overall period 1969 through 2015 is 15 percent negative net salvage; however, the recent five-year average has trended to

negative 27 percent. The range of estimates made by other gas companies for mains is negative 15 to negative 75 percent. With the overall statistical indication of negative 15 percent and most recent five-year period trends to negative 27 percent as well as higher cost of removal levels within the industry, negative 20 percent was selected for the Company's mains.

The net salvage estimates for the remaining plant accounts were estimated using the above-described process of historical indications, judgment and reviewing the typical range of estimates used by other gas companies. The results of the net salvage for each plant account are presented in account sequence beginning in the section titled "Net Salvage Statistics", page VIII-2.

Generally, the net salvage estimates for general plant accounts were zero percent, consistent with amortization accounting.

**PART V. CALCULATION OF ANNUAL AND
ACCRUED DEPRECIATION**

PART V. CALCULATION OF ANNUAL AND ACCRUED DEPRECIATION

After the survivor curve and salvage are estimated, the annual depreciation accrual rate can be calculated. In the average service life procedure, the annual accrual rate is computed by the following equation:

$$\text{Annual Accrual Rate, Percent} = \frac{(100\% - \text{Net Salvage, Percent})}{\text{Average Service Life}}$$

The calculated accrued depreciation for each depreciable property group represents that portion of the depreciable cost of the group which will not be allocated to expense through future depreciation accruals, if current forecasts of life characteristics are used as a basis for straight line depreciation accounting.

The accrued depreciation calculation consists of applying an appropriate ratio to the surviving original cost of each vintage of each account, based upon the attained age and the estimated survivor curve. The accrued depreciation ratios are calculated as follows:

$$\text{Ratio} = \left(1 - \frac{\text{Average Remaining Life Expectancy}}{\text{Average Service Life}}\right) (1 - \text{Net Salvage, Percent}).$$

The application of these procedures is described for a single unit of property and a group of property units. Salvage is omitted from the depreciation for ease of application.

Single Unit of Property

The calculation of straight line depreciation for a single unit of property is straightforward. For example, if a \$1,000 unit of property attains an age of four years and has a life expectancy of six years, the annual accrual over the total life is:

$$\frac{\$1,000}{(4 + 6)} = \$100 \text{ per year.}$$

The accrued depreciation is:

$$\$1,000 \left(1 - \frac{6}{10}\right) = \$400.$$

Group Depreciation Procedures

When more than a single item of property is under consideration, a group procedure for depreciation is appropriate because normally all of the items within a group do not have identical service lives, but have lives that are dispersed over a range of time. There are two primary group procedures, namely, average service life and equal life group.

Average Service Life Procedure

In the average service life procedure, the rate of annual depreciation is based on the average service life of the group, and this rate is applied to the surviving balances of the group's cost. The accrued depreciation is based on the average service life of the group and the average remaining life of each vintage within the group derived from the area under the survivor curve between the attained age of the vintage and the maximum age.

A characteristic of this procedure is that the cost of plant retired prior to average life is not fully recouped at the time of retirement, whereas the cost of plant retired subsequent to average life is more than fully recouped. Over the entire life cycle, the

portion of cost not recouped prior to average life is balanced by the excess cost recouped subsequent to average life. The recovery of cost is complete at the end of the life cycle, but the distribution of capital cost to annual expense does not match the consumption of service value of plant.

Equal Life Group Procedure

In the equal life group procedure, also known as the unit summation procedure, the property group is subdivided according to service life. That is, each equal life group includes that portion of the property which experiences the life of that specific group. The relative size of each equal life group is determined from the property's life dispersion curve. The calculated depreciation for the property group is the summation of the calculated depreciation based on the service life of each equal life unit.

This procedure eliminates the need to base annual depreciation expense on average lives, inasmuch as each group has a single life. The full cost of short-lived items is accrued during their lives, leaving no deferral of accruals required to be added to the annual cost associated with long-lived items. The depreciation expense for the property group is the summation of the depreciation expense based on the service life of each equal life group.

The table on the following page presents an illustration of the calculation of equal life group depreciation using the Iowa 15-S2.5 survivor curve, net salvage of 0 percent and a December 31, 2015 calculation date.

In the table, each equal life group is defined by the age interval shown in columns 1 and 2. These are the ages at which the first and last retirement of each group occurs, and the group's equal life, shown in column 3, is the midpoint of the interval.

DETAILED COMPUTATION OF ANNUAL AND ACCRUED FACTORS USING THE EQUAL LIFE GROUP PROCEDURE

INPUT PARAMETERS:

CALCULATION DATE.. 12-31-2015

SURVIVOR CURVE.... 15-S2.5

AGE INTERVAL		RETIREMENTS		GROUP	YEAR	SUMMATION	AVERAGE	ANNUAL	ACCRUED
BEG	END	LIFE	DURING	ANNUAL	INST	OF ANNUAL	PERCENT	FACTOR	FACTOR
(1)	(2)	(3)	INTERVAL	ACCURUAL	(6)	ACCURUALS	SURVIVING	(9)	(10)
			(4)	(5) = (4) / (3)		(7)	(8)		
0.000	1.000	0.500	0.00046	0.00046000000	2015	7.36406742981	99.999915	0.0736	0.0368
1.000	2.000	1.500	0.01005	0.00670000000	2014	7.36025742981	99.994519	0.0736	0.1104
2.000	3.000	2.500	0.05354	0.02141600000	2013	7.34619942981	99.962723	0.0735	0.1838
3.000	4.000	3.500	0.16604	0.04744000000	2012	7.31177142981	99.852931	0.0732	0.2562
4.000	5.000	4.500	0.38524	0.08560888889	2011	7.24524698536	99.577290	0.0728	0.3276
5.000	6.000	5.500	0.75400	0.13709090909	2010	7.13389708637	99.007669	0.0721	0.3966
6.000	7.000	6.500	1.31772	0.20272615385	2009	6.96398855490	97.971812	0.0711	0.4622
7.000	8.000	7.500	2.09344	0.27912533333	2008	6.72306281131	96.266232	0.0698	0.5235
8.000	9.000	8.500	3.08280	0.36268235294	2007	6.40215896818	93.678110	0.0683	0.5806
9.000	10.000	9.500	4.25565	0.44796315789	2006	5.99683621276	90.008887	0.0666	0.6327
10.000	11.000	10.500	5.51350	0.52509523810	2005	5.51030701477	85.124310	0.0647	0.6794
11.000	12.000	11.500	6.75429	0.58732956522	2004	4.95409461311	78.990413	0.0627	0.7211
12.000	13.000	12.500	7.85219	0.62817520000	2003	4.34634223050	71.687173	0.0606	0.7575
13.000	14.000	13.500	8.66234	0.64165481481	2002	3.71142722309	63.429908	0.0585	0.7898
14.000	15.000	14.500	9.09874	0.62749931034	2001	3.07685016052	54.549371	0.0564	0.8178
15.000	16.000	15.500	9.09873	0.58701483871	2000	2.46959308599	45.450633	0.0543	0.8417
16.000	17.000	16.500	8.66234	0.52499030303	1999	1.91359051512	36.570100	0.0523	0.8630
17.000	18.000	17.500	7.85219	0.44869657143	1998	1.42674707789	28.312838	0.0504	0.8820
18.000	19.000	18.500	6.75445	0.36510540541	1997	1.01984608947	21.009514	0.0485	0.8973
19.000	20.000	19.500	5.51335	0.28273589744	1996	0.69592543805	14.875615	0.0468	0.9126
20.000	21.000	20.500	4.25565	0.20759268293	1995	0.45076114786	9.991116	0.0451	0.9246
21.000	22.000	21.500	3.08280	0.14338604651	1994	0.27527178314	6.321891	0.0435	0.9353
22.000	23.000	22.500	2.09344	0.09304177778	1993	0.15705787100	3.733769	0.0421	0.9473
23.000	24.000	23.500	1.31772	0.05607319149	1992	0.08250038636	2.028188	0.0407	0.9565
24.000	25.000	24.500	0.75399	0.03077510204	1991	0.03907623960	0.992335	0.0394	0.9653
25.000	26.000	25.500	0.38524	0.01510745098	1990	0.01613496309	0.422718	0.0382	0.9741
26.000	27.000	26.500	0.16604	0.00626566038	1989	0.00544840741	0.147078	0.0370	0.9805
27.000	28.000	27.500	0.05355	0.00194727273	1988	0.00134194085	0.037283	0.0360	0.9900
28.000	29.000	28.500	0.01005	0.00035263158	1987	0.00019198870	0.005481	0.0350	0.9975
29.000	29.700	29.350	0.00046	0.00001567291	1986	0.00000548552	0.000161	0.0341	1.0000
TOTAL			100.00000						

For purposes of the calculation, the computer is programmed to divide each vintage into equal life groups arranged so that the midpoint of each one-year age interval coincides with the calculation date, e.g., December 31 in this case. This enables the calculation of annual accruals for a twelve-month period centered on the date of calculation.

The retirement during the age interval, shown in column 4, is the size of each equal life group, and is derived from the Iowa 15-S2.5 survivor curve. It is the difference between the percents surviving at the beginning and end of the age interval.

Each equal life group's annual accrual, shown in column 5, equals the group's size (column 4) divided by its life (column 3) and multiplied by the quantity one minus the net salvage percent with the exception of 2015 installations. For 2015 installations, the group annual accrual is equal to the retirements during the interval multiplied by one minus the net salvage percent.

Columns 6 through 10 show the derivation of the annual factor and accrued factor for each vintage based on the information developed in the first five columns. The year installed is shown in column 6. For all vintages other than 2015, the summation of annual accruals for each year installed, shown in column 7, is calculated by adding one-half of the group annual accrual (column 5) for that vintage's current age interval plus the group annual accruals for all succeeding age intervals. For example, the figure 7.36025742981 for 2014 equals one-half of 0.00670000000 plus all of the succeeding figures in column 5. Only one-half of the annual accrual for the vintage's current age interval group is included in the summation because the equal life group for that interval has reached the year during which it is expected to be retired.

The summation of annual accruals (column 7) for installations during 2015 are calculated on the basis of an in-service date at the midpoint of the year, i.e., June 30. Inasmuch as the overall calculation is centered on December 31, 2015, the first figure in column 7, for vintage 2015, equals all of the group annual accrual for the first equal life group plus the accruals for all of the subsequent equal life groups.

The average percent surviving, derived from the Iowa 15-S2.5 survivor curve, is shown in column 8 for each age interval. The annual factor, shown in column 9, is the result of dividing the summation of annual accruals (column 7) by the average percent surviving (column 8).

The accrued factor, shown in column 10, equals the annual factor multiplied by the age of the group at December 31, 2015.

REMAINING LIFE ANNUAL ACCRUAL RATES

The annual depreciation accrual rates are calculated as of December 31, 2015, and based on the straight line remaining life method using the equal life group procedure. For the purpose of calculating the composite remaining life accrual rates as of December 31, 2015, the book reserve for each plant account is allocated among vintages in proportion to the calculated accrued depreciation for the account as of December 31, 2015. The remaining life annual accrual for each vintage is determined by dividing future book accruals (original cost less book reserve) by the composite remaining life for the surviving original cost of that vintage. The composite remaining life is derived by compositing the individual equal life group remaining lives in accordance with the following equation:

$$\text{Composite Remaining Life} = \frac{\sum \left(\frac{\text{Book Cost}}{\text{Life}} \times \text{Remaining Life} \right)}{\sum \frac{\text{Book Cost}}{\text{Life}}}$$

The book costs and lives of the several equal life groups which are summed in the foregoing equation are defined by the estimated future survivor curve.

Inasmuch as book cost divided by life equals the whole life annual accrual, the foregoing equation reduces to the following form:

$$\text{Composite Remaining Life} = \frac{\sum \text{Whole Life Future Accruals}}{\sum \text{Whole Life Annual Accruals}}$$

or

$$\text{Composite Remaining Life} = \frac{\sum \text{Book Cost} - \text{Calc. Reserve}}{\sum \text{Whole Life Annual Accrual}}$$

The composite remaining life calculations were made using computer software that utilizes detailed ELG calculations of whole life future accruals and annual accruals in order to derive the vintage composite remaining lives. The annual accrual rate for each

account is equal to the sum of the remaining life annual accruals divided by the total original cost. The composite remaining life is calculated by dividing the sum of the future book accruals by the sum of the remaining life annual accruals.

CALCULATION OF ANNUAL AND ACCRUED AMORTIZATION

Amortization is the gradual extinguishment of an amount in an account by distributing such amount over a fixed period, over the life of the asset or liability to which it applies, or over the period during which it is anticipated the benefit will be realized. Normally, the distribution of the amount is in equal amounts to each year of the amortization period.

The calculation of annual and accrued amortization requires the selection of an amortization period. The amortization periods used in this report were based on judgment which incorporated a consideration of the period during which the assets will render most of their service, the amortization period and service lives used by other utilities, and the service life estimates previously used for the asset under depreciation accounting.

Amortization accounting is proposed for a number of accounts that represent numerous units of property, but a very small portion of depreciable gas plant in service. The accounts and their amortization periods are as follows:

<u>ACCT</u>	<u>TITLE</u>	<u>AMORTIZATION PERIOD, YEARS</u>
391,	Office Furniture and Equipment	
	Furniture	20
	Equipment	15
	Information Systems	5
394,	Tools, Shop and Garage Equipment	25
395,	Laboratory Equipment	20
398,	Miscellaneous Equipment	15

For the purpose of calculating annual amortization amounts as of December 31, 2015, the book depreciation reserve for each plant account or subaccount is assigned or allocated to vintages. The book reserve assigned to vintages with an age greater than the amortization period is equal to the vintage's original cost. The remaining book reserve is allocated among vintages with an age less than the amortization period in proportion to the calculated accrued amortization. The calculated accrued amortization is equal to the original cost multiplied by the ratio of the vintage's age to its amortization period. The annual amortization amount is determined by dividing the future amortizations (original cost less allocated book reserve) by the remaining period of amortization for the vintage.

PART VI. RESULTS OF STUDY

PART VI. RESULTS OF STUDY

QUALIFICATION OF RESULTS

The calculated annual and accrued depreciation are the principal results of the study. Continued surveillance and periodic revisions are normally required to maintain continued use of appropriate annual depreciation accrual rates. An assumption that accrual rates can remain unchanged over a long period of time implies a disregard for the inherent variability in service lives and salvage and for the change of the composition of property in service. The annual accrual rates were calculated in accordance with the straight line remaining life method of depreciation, using the equal life group procedure based on estimates which reflect considerations of current historical evidence and expected future conditions.

The annual depreciation accrual rates are applicable specifically to the gas plant in service as of December 31, 2015. For most plant accounts, the application of such rates to future balances that reflect additions subsequent to December 31, 2015, is reasonable for a period of three to five years.

DESCRIPTION OF DETAILED TABULATIONS

The service life estimates were based on judgment that incorporated statistical analysis of retirement data, discussions with management and consideration of estimates made for other gas utilities. The results of the statistical analysis of service life are presented in the section beginning on page VII-2, within the supporting documents of this report.

For each depreciable group analyzed by the retirement rate method, a chart depicting the original and estimated survivor curves followed by a tabular presentation

of the original life table(s) plotted on the chart. The survivor curves estimated for the depreciable groups are shown as dark smooth curves on the charts. Each smooth survivor curve is denoted by a numeral followed by the curve type designation. The numeral used is the average life derived from the entire curve from 100 percent to zero percent surviving. The titles of the chart indicate the group, the symbol used to plot the points of the original life table, and the experience and placement bands of the life tables which were plotted. The experience band indicates the range of years for which retirements were used to develop the stub survivor curve. The placements indicate, for the related experience band, the range of years of installations which appear in the experience.

The analyses of salvage data are presented in the section titled, "Net Salvage Statistics". The tabulations present annual cost of removal and salvage data, three-year moving averages and the most recent five-year average. Data are shown in dollars and as percentages of original costs retired.

The tables of the calculated annual depreciation applicable to depreciable assets as of December 31, 2015 are presented in account sequence starting on page IX-2 of the supporting documents. The tables indicate the estimated survivor curve and net salvage percent for the account and set forth, for each installation year, the original cost, the calculated accrued depreciation, the allocated book reserve, future accruals, the remaining life, and the calculated annual accrual amount.

COLUMBIA GAS OF KENTUCKY, INC.

TABLE 1. ESTIMATED SURVIVOR CURVES, NET SALVAGE, ORIGINAL COST, BOOK RESERVE AND CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO GAS PLANT AS OF DECEMBER 31, 2015

DEPRECIABLE PLANT	DEPRECIABLE GROUP (1)	SURVIVOR CURVE (2)	NET SALVAGE (3)	ORIGINAL COST AS OF DECEMBER 31, 2015 (4)	BOOK RESERVE (5)	FUTURE BOOK ACCRUALS (6)	CALCULATED ANNUAL ACCRUAL AMOUNT (7)	CALCULATED RATE (8)=(7)/(4)	COMPOSITE REMAINING LIFE (9)=(6)/(7)
DEPRECIABLE PLANT									
DISTRIBUTION PLANT									
LAND AND LAND RIGHTS									
374.4 LAND RIGHTS		70-R2	0	661,305.66	168,767	492,539	11,507	1.74	42.8
374.5 RIGHTS-OF-WAY		75-S4	0	2,666,575.55	901,108	1,765,468	34,398	1.29	51.3
TOTAL ACCOUNT 374				3,327,881.21	1,069,875	2,258,007	45,905	1.38	
STRUCTURES AND IMPROVEMENTS									
MEASURING AND REGULATING									
375.34 OTHER DISTRIBUTION SYSTEM STRUCTURES		52-R1.5	(20)	1,868,813.92	487,435	1,755,142	59,475	3.18	29.5
375.7 DISTRIBUTION SYSTEM STRUCTURES		Square	0	7,807,297.57	3,112,927	4,694,370	166,092	2.13	28.3
OTHER BUILDINGS		37-S2	0	162,502.60	80,679	81,824	3,691	2.39	21.0
TOTAL ACCOUNT 375				7,969,800.17	3,193,606	4,776,194	169,983	2.13	
TOTAL ACCOUNT 376				9,838,614.09	3,681,041	6,531,336	229,458	2.33	
MAINS									
CAST IRON									
376 BARE STEEL		70-R1.5	(20)	222,637.37	176,826	90,339	5,305	2.38	17.0
COATED STEEL		70-R1.5	(20)	17,458,363.07	13,500,531	7,449,505	425,249	2.44	17.5
PLASTIC		70-R1.5	(20)	62,001,629.58	17,588,017	56,813,938	1,348,670	2.18	42.1
TOTAL ACCOUNT 376				118,726,602.05	25,065,698	117,406,224	2,782,677	2.34	42.2
MEASURING AND REGULATING STATION EQUIPMENT - GENERAL									
378 MEASURING AND REGULATING STATION EQUIPMENT - CITY GATE									
379.1 SERVICES		41-S0	(15)	9,992,551.53	3,572,331	7,919,103	331,538	3.32	23.9
380 METERS		40-R1.5	(15)	254,900.59	267,731	25,405	1,530	0.60	16.6
381 METERS - AMI		37-R2	4	115,258,005.47	57,280,572	132,895,137	5,882,086	5.10	22.6
382 METER INSTALLATIONS		15-S2.5	0	13,270,915.01	4,679,195	8,060,883	437,680	3.30	18.4
383 HOUSE REGULATORS		42-S2	(5)	8,705,079.06	335,815	8,369,264	702,040	8.06	11.9
384 HOUSE REGULATOR INSTALLATIONS		45-S1.5	(5)	8,991,831.33	4,450,213	4,891,210	219,448	2.44	22.7
385 INDUSTRIAL MEASURING AND REGULATING STATION EQUIPMENT		45-S1.5	0	5,504,717.40	1,447,854	4,332,099	150,511	2.73	28.8
387.4 OTHER EQUIPMENT - CUSTOMER INFORMATION SERVICES		32-R0.5	(10)	2,257,522.00	1,744,500	513,022	22,741	1.01	22.6
TOTAL DISTRIBUTION PLANT		33-R2.5	(5)	3,047,363.19	855,577	2,486,523	154,798	5.08	16.1
GENERAL PLANT									
OFFICE FURNITURE AND EQUIPMENT									
391.1 FURNITURE									
391.12 INFORMATION SYSTEMS		20-SQ	0	383,319,781.40	137,251,090	363,300,908	12,906,486	3.37	
TOTAL ACCOUNT 391		15-SQ	0	713,480.71	182,802	530,679	35,683	5.00	14.9
TRANSPORTATION EQUIPMENT - TRAILERS		5-SQ	0	668,137.98	480,697	187,441	133,649	20.00	4.5
392 TOOLS, SHOP AND GARAGE EQUIPMENT									
394 LABORATORY EQUIPMENT		16-L4	10	1,400,434.26	676,668	723,767	170,587	12.18	7.6
395 POWER OPERATED EQUIPMENT		25-SQ	0	120,240.20	24,303	83,913	10,996	9.15	14.9
396		20-SQ	0	2,945,416.95	1,195,493	1,749,924	117,696	4.00	4.6
		18-S0.5	10	9,257.77	7,106	2,152	463	5.00	4.6
				258,254.72	182,667	49,762	6,693	2.59	7.4

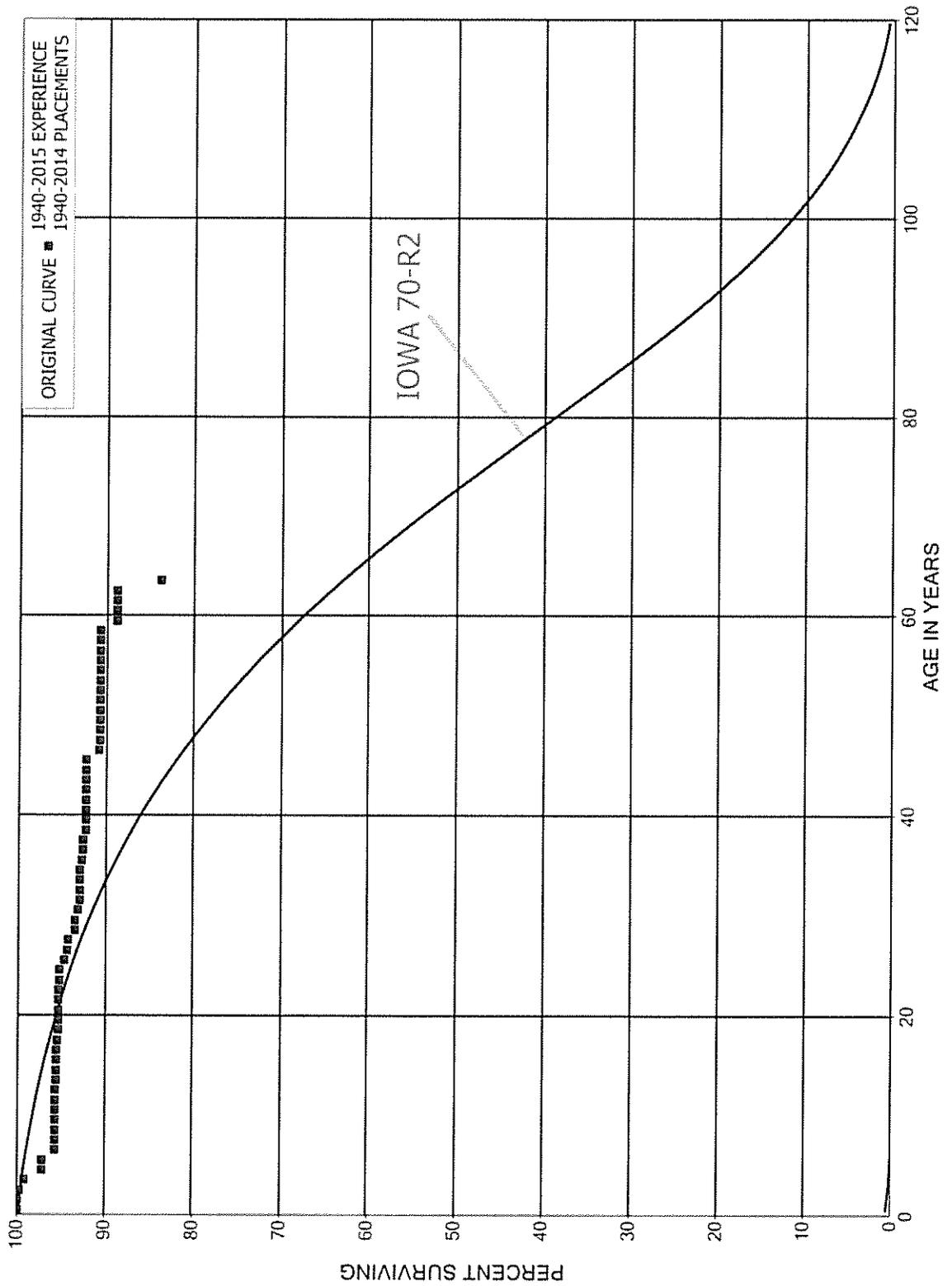
TABLE 1. ESTIMATED SURVIVOR CURVES, NET SALVAGE, ORIGINAL COST, BOOK RESERVE AND CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO GAS PLANT AS OF DECEMBER 31, 2015

DEPRECIABLE GROUP (1)	SURVIVOR CURVE (2)	NET SALVAGE (3)	ORIGINAL COST AS OF DECEMBER 31, 2015 (4)	BOOK RESERVE (5)	FUTURE BOOK ACCRUALS (6)	CALCULATED ANNUAL ACCRUAL AMOUNT (7)	RATE (8)=(7)/(4)	COMPOSITE REMAINING LIFE (9)=(6)/(7)
398 MISCELLANEOUS EQUIPMENT								
FULLY ACCRUED	FULLY ACCRUED		3,290.19	3,290	0	0		
AMORTIZED	15-SQ	0	87,786.75	32,535	55,252	5,857	6.67	9.4
TOTAL ACCOUNT 398			91,076.94	35,825	55,252	5,857	6.43	
TOTAL GENERAL PLANT			4,824,680.84	2,122,062	2,664,770	312,292	6.47	
TOTAL DEPRECIABLE PLANT			388,144,462.24	139,373,152	365,965,678	13,218,778	3.41	
UNRECOVERED RESERVE TO BE AMORTIZED								
391.1 FURNITURE				(269,654)		69,885	**	
391.11 EQUIPMENT				(26,413)		8,804	**	
391.12 INFORMATION SYSTEMS				39,733		(13,244)	**	
394 EQUIPMENT				58,023		(19,341)	**	
395 LABORATORY EQUIPMENT				(44)		15	**	
398 MISCELLANEOUS EQUIPMENT				(16,625)		5,542	**	
TOTAL UNRECOVERED RESERVE TO BE AMORTIZED				(214,980)		71,660		
AMORTIZABLE PLANT								
303 MISCELLANEOUS INTANGIBLE PLANT			5,340,619.47	2,072,601	3,268,018	767,437	***	
375.71 STRUCTURES AND IMPROVEMENTS - LEASEHOLDS			259,808.94	145,132	114,677	58,686	***	
378.21 MEASURING AND REGULATING STATION EQUIPMENT - FMV			(777,092.00)		(777,092)	(25,903)	****	
TOTAL AMORTIZABLE PLANT			4,823,336.41	2,217,733	2,605,603	800,220		
NONDEPRECIABLE AND NOT STUDIED PLANT								
301 ORGANIZATION			521.20					
374.1 LAND			206.00					
374.2 LAND			877,756.18	(523)				
376.02 MAINS - ARO			814,307.71	267,592				
376.03 MAINS - ARO			124,320.94	10,384				
TOTAL NONDEPRECIABLE PLANT			1,817,112.03	277,453				
TOTAL GAS PLANT			394,784,910.68	141,653,358	368,571,281	14,090,658		

* Indicates the use of an interim survivor curve. Each asset class has a probable retirement date.
 ** 3-Year amortization of unrecovered reserve related to implementation of amortization accounting.
 *** Accrual rate based on individual asset amortization.
 **** Fair Market Value recovered over 30 years.

PART VII. SERVICE LIFE STATISTICS

COLUMBIA GAS OF KENTUCKY, INC.
 ACCOUNT 374.4 LAND AND LAND RIGHTS - LAND RIGHTS
 ORIGINAL AND SMOOTH SURVIVOR CURVES



COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 374.4 LAND AND LAND RIGHTS - LAND RIGHTS

ORIGINAL LIFE TABLE

PLACEMENT BAND 1940-2014			EXPERIENCE BAND 1940-2015		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	698,458		0.0000	1.0000	100.00
0.5	698,384		0.0000	1.0000	100.00
1.5	681,725	2,211	0.0032	0.9968	100.00
2.5	657,298	3,071	0.0047	0.9953	99.68
3.5	632,187	13,066	0.0207	0.9793	99.21
4.5	604,194	0	0.0000	1.0000	97.16
5.5	551,384	8,244	0.0150	0.9850	97.16
6.5	493,938		0.0000	1.0000	95.71
7.5	467,544		0.0000	1.0000	95.71
8.5	465,557	84	0.0002	0.9998	95.71
9.5	465,532	36	0.0001	0.9999	95.69
10.5	463,053		0.0000	1.0000	95.68
11.5	446,180		0.0000	1.0000	95.68
12.5	446,180	435	0.0010	0.9990	95.68
13.5	429,855	32	0.0001	0.9999	95.59
14.5	423,106		0.0000	1.0000	95.58
15.5	411,034		0.0000	1.0000	95.58
16.5	410,974	161	0.0004	0.9996	95.58
17.5	403,275	572	0.0014	0.9986	95.54
18.5	379,762		0.0000	1.0000	95.41
19.5	379,762		0.0000	1.0000	95.41
20.5	363,530		0.0000	1.0000	95.41
21.5	312,950		0.0000	1.0000	95.41
22.5	311,309	339	0.0011	0.9989	95.41
23.5	303,673		0.0000	1.0000	95.31
24.5	293,722	1,887	0.0064	0.9936	95.31
25.5	276,234	931	0.0034	0.9966	94.69
26.5	237,184	199	0.0008	0.9992	94.37
27.5	213,781	1,683	0.0079	0.9921	94.29
28.5	150,625		0.0000	1.0000	93.55
29.5	125,792	518	0.0041	0.9959	93.55
30.5	104,297	227	0.0022	0.9978	93.17
31.5	70,440		0.0000	1.0000	92.96
32.5	53,044		0.0000	1.0000	92.96
33.5	43,282		0.0000	1.0000	92.96
34.5	37,069	112	0.0030	0.9970	92.96
35.5	33,918	8	0.0002	0.9998	92.68
36.5	33,910		0.0000	1.0000	92.66
37.5	30,988	114	0.0037	0.9963	92.66
38.5	30,314		0.0000	1.0000	92.32

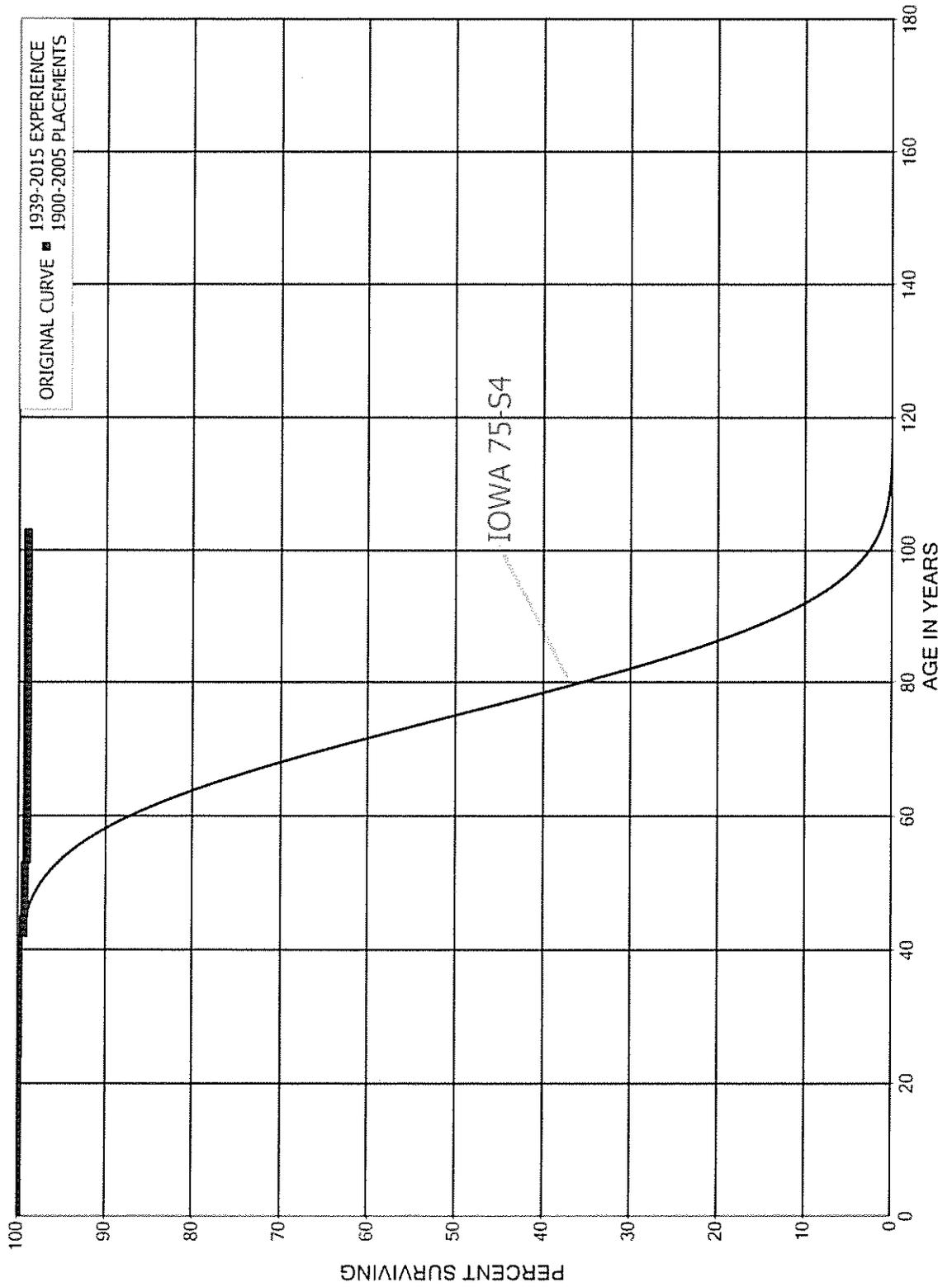
COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 374.4 LAND AND LAND RIGHTS - LAND RIGHTS

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1940-2014			EXPERIENCE BAND 1940-2015		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
39.5	29,980		0.0000	1.0000	92.32
40.5	29,980		0.0000	1.0000	92.32
41.5	27,160		0.0000	1.0000	92.32
42.5	27,160		0.0000	1.0000	92.32
43.5	22,430	11	0.0005	0.9995	92.32
44.5	21,454		0.0000	1.0000	92.27
45.5	19,842	318	0.0160	0.9840	92.27
46.5	18,998	3	0.0002	0.9998	90.79
47.5	18,464		0.0000	1.0000	90.78
48.5	17,976		0.0000	1.0000	90.78
49.5	17,128		0.0000	1.0000	90.78
50.5	16,421		0.0000	1.0000	90.78
51.5	12,997		0.0000	1.0000	90.78
52.5	9,824		0.0000	1.0000	90.78
53.5	8,070		0.0000	1.0000	90.78
54.5	7,434		0.0000	1.0000	90.78
55.5	7,172		0.0000	1.0000	90.78
56.5	5,703		0.0000	1.0000	90.78
57.5	4,209		0.0000	1.0000	90.78
58.5	3,902	83	0.0214	0.9786	90.78
59.5	3,099		0.0000	1.0000	88.84
60.5	2,453		0.0000	1.0000	88.84
61.5	1,036		0.0000	1.0000	88.84
62.5	1,036	59	0.0566	0.9434	88.84
63.5	977		0.0000	1.0000	83.81
64.5	977		0.0000	1.0000	83.81
65.5	977		0.0000	1.0000	83.81
66.5	659		0.0000	1.0000	83.81
67.5	659		0.0000	1.0000	83.81
68.5	659		0.0000	1.0000	83.81
69.5	632		0.0000	1.0000	83.81
70.5	632		0.0000	1.0000	83.81
71.5	632		0.0000	1.0000	83.81
72.5	632		0.0000	1.0000	83.81
73.5	632		0.0000	1.0000	83.81
74.5	632		0.0000	1.0000	83.81
75.5					83.81

COLUMBIA GAS OF KENTUCKY, INC.
 ACCOUNT 374.5 LAND AND LAND RIGHTS - RIGHTS-OF-WAY
 ORIGINAL AND SMOOTH SURVIVOR CURVES



COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 374.5 LAND AND LAND RIGHTS - RIGHTS-OF-WAY

ORIGINAL LIFE TABLE

PLACEMENT BAND 1900-2005			EXPERIENCE BAND 1939-2015		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	2,492,680		0.0000	1.0000	100.00
0.5	2,493,453	2,533	0.0010	0.9990	100.00
1.5	2,507,330		0.0000	1.0000	99.90
2.5	2,515,350		0.0000	1.0000	99.90
3.5	2,517,176		0.0000	1.0000	99.90
4.5	2,519,457		0.0000	1.0000	99.90
5.5	2,525,235		0.0000	1.0000	99.90
6.5	2,526,437		0.0000	1.0000	99.90
7.5	2,532,761		0.0000	1.0000	99.90
8.5	2,537,593		0.0000	1.0000	99.90
9.5	2,537,977		0.0000	1.0000	99.90
10.5	2,542,995		0.0000	1.0000	99.90
11.5	2,554,239		0.0000	1.0000	99.90
12.5	2,554,687		0.0000	1.0000	99.90
13.5	1,429,440		0.0000	1.0000	99.90
14.5	1,283,815		0.0000	1.0000	99.90
15.5	1,273,665		0.0000	1.0000	99.90
16.5	1,279,688		0.0000	1.0000	99.90
17.5	1,271,775		0.0000	1.0000	99.90
18.5	1,272,109		0.0000	1.0000	99.90
19.5	1,260,667		0.0000	1.0000	99.90
20.5	1,085,997		0.0000	1.0000	99.90
21.5	878,181		0.0000	1.0000	99.90
22.5	827,246		0.0000	1.0000	99.90
23.5	765,896	390	0.0005	0.9995	99.90
24.5	713,377		0.0000	1.0000	99.85
25.5	629,342		0.0000	1.0000	99.85
26.5	553,075		0.0000	1.0000	99.85
27.5	466,331		0.0000	1.0000	99.85
28.5	443,533		0.0000	1.0000	99.85
29.5	410,788		0.0000	1.0000	99.85
30.5	398,729		0.0000	1.0000	99.85
31.5	329,996		0.0000	1.0000	99.85
32.5	322,991		0.0000	1.0000	99.85
33.5	322,007		0.0000	1.0000	99.85
34.5	311,989		0.0000	1.0000	99.85
35.5	299,318		0.0000	1.0000	99.85
36.5	286,041		0.0000	1.0000	99.85
37.5	283,165		0.0000	1.0000	99.85
38.5	279,109		0.0000	1.0000	99.85

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 374.5 LAND AND LAND RIGHTS - RIGHTS-OF-WAY

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1900-2005			EXPERIENCE BAND 1939-2015			
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL	
39.5	273,950	21	0.0001	0.9999	99.85	
40.5	273,406		0.0000	1.0000	99.84	
41.5	272,114	1,378	0.0051	0.9949	99.84	
42.5	265,985		0.0000	1.0000	99.33	
43.5	237,962		0.0000	1.0000	99.33	
44.5	221,767	236	0.0011	0.9989	99.33	
45.5	193,016		0.0000	1.0000	99.23	
46.5	150,153		0.0000	1.0000	99.23	
47.5	145,270		0.0000	1.0000	99.23	
48.5	167,768	106	0.0006	0.9994	99.23	
49.5	140,046		0.0000	1.0000	99.17	
50.5	140,219		0.0000	1.0000	99.17	
51.5	137,064		0.0000	1.0000	99.17	
52.5	131,298	313	0.0024	0.9976	99.17	
53.5	127,524		0.0000	1.0000	98.93	
54.5	127,684		0.0000	1.0000	98.93	
55.5	121,751		0.0000	1.0000	98.93	
56.5	116,496		0.0000	1.0000	98.93	
57.5	96,001		0.0000	1.0000	98.93	
58.5	94,946		0.0000	1.0000	98.93	
59.5	93,038		0.0000	1.0000	98.93	
60.5	93,628		0.0000	1.0000	98.93	
61.5	88,264		0.0000	1.0000	98.93	
62.5	84,164		0.0000	1.0000	98.93	
63.5	87,920		0.0000	1.0000	98.93	
64.5	80,027		0.0000	1.0000	98.93	
65.5	76,838		0.0000	1.0000	98.93	
66.5	74,047		0.0000	1.0000	98.93	
67.5	72,816		0.0000	1.0000	98.93	
68.5	72,427		0.0000	1.0000	98.93	
69.5	72,372		0.0000	1.0000	98.93	
70.5	72,337		0.0000	1.0000	98.93	
71.5	72,281		0.0000	1.0000	98.93	
72.5	72,102		0.0000	1.0000	98.93	
73.5	72,020		0.0000	1.0000	98.93	
74.5	68,936		0.0000	1.0000	98.93	
75.5	67,530		0.0000	1.0000	98.93	
76.5	67,476		0.0000	1.0000	98.93	
77.5	67,184		0.0000	1.0000	98.93	
78.5	68,596		0.0000	1.0000	98.93	

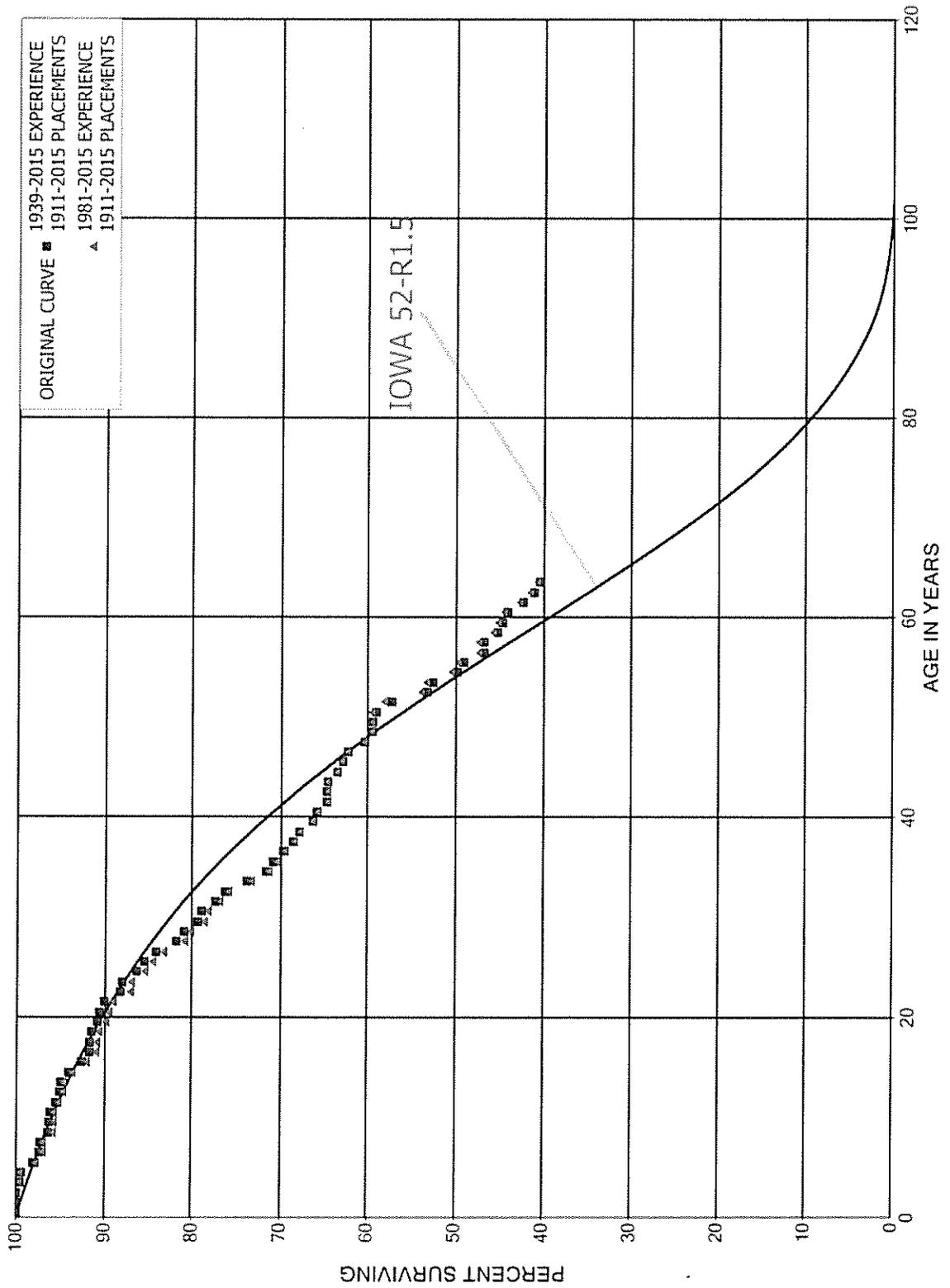
COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 374.5 LAND AND LAND RIGHTS - RIGHTS-OF-WAY

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1900-2005			EXPERIENCE BAND 1939-2015		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
79.5	68,553		0.0000	1.0000	98.93
80.5	68,553		0.0000	1.0000	98.93
81.5	68,515		0.0000	1.0000	98.93
82.5	68,393		0.0000	1.0000	98.93
83.5	68,382		0.0000	1.0000	98.93
84.5	68,306		0.0000	1.0000	98.93
85.5	68,012		0.0000	1.0000	98.93
86.5	58,647		0.0000	1.0000	98.93
87.5	51,031		0.0000	1.0000	98.93
88.5	50,457		0.0000	1.0000	98.93
89.5	50,457		0.0000	1.0000	98.93
90.5	50,457		0.0000	1.0000	98.93
91.5	50,457		0.0000	1.0000	98.93
92.5	50,457		0.0000	1.0000	98.93
93.5	49,906		0.0000	1.0000	98.93
94.5	49,902		0.0000	1.0000	98.93
95.5	49,894		0.0000	1.0000	98.93
96.5	49,894		0.0000	1.0000	98.93
97.5	49,672		0.0000	1.0000	98.93
98.5	49,669		0.0000	1.0000	98.93
99.5	45,955		0.0000	1.0000	98.93
100.5	45,937		0.0000	1.0000	98.93
101.5	45,496		0.0000	1.0000	98.93
102.5	5,849		0.0000	1.0000	98.93
103.5	5,682		0.0000	1.0000	98.93
104.5	5,643		0.0000	1.0000	98.93
105.5	5,610		0.0000	1.0000	98.93
106.5	5,610		0.0000	1.0000	98.93
107.5	5,101		0.0000	1.0000	98.93
108.5	5,101		0.0000	1.0000	98.93
109.5	4,647		0.0000	1.0000	98.93
110.5	8		0.0000	1.0000	98.93
111.5	8		0.0000	1.0000	98.93
112.5	8		0.0000	1.0000	98.93
113.5	8		0.0000	1.0000	98.93
114.5	8		0.0000	1.0000	98.93
115.5					98.93

COLUMBIA GAS OF KENTUCKY, INC.
 ACCOUNT 375.34 STRUCTURES AND IMPROVEMENTS - MEASURING AND REGULATING
 ORIGINAL AND SMOOTH SURVIVOR CURVES



COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 375.34 STRUCTURES AND IMPROVEMENTS - MEASURING AND REGULATING

ORIGINAL LIFE TABLE

PLACEMENT BAND 1911-2015			EXPERIENCE BAND 1939-2015			
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL	
0.0	2,003,285	94	0.0000	1.0000	100.00	
0.5	1,607,776	43	0.0000	1.0000	100.00	
1.5	1,493,748	101	0.0001	0.9999	99.99	
2.5	1,325,169	6,592	0.0050	0.9950	99.99	
3.5	1,137,892	445	0.0004	0.9996	99.49	
4.5	1,025,435	14,514	0.0142	0.9858	99.45	
5.5	877,376	5,453	0.0062	0.9938	98.04	
6.5	857,776	1,597	0.0019	0.9981	97.43	
7.5	818,211	6,924	0.0085	0.9915	97.25	
8.5	785,611	1,328	0.0017	0.9983	96.43	
9.5	770,789	422	0.0005	0.9995	96.27	
10.5	769,184	5,354	0.0070	0.9930	96.21	
11.5	756,806	4,105	0.0054	0.9946	95.54	
12.5	764,154	587	0.0008	0.9992	95.02	
13.5	739,069	7,300	0.0099	0.9901	94.95	
14.5	696,263	9,990	0.0143	0.9857	94.01	
15.5	688,247	6,945	0.0101	0.9899	92.66	
16.5	678,014	360	0.0005	0.9995	91.73	
17.5	677,960	1,630	0.0024	0.9976	91.68	
18.5	681,106	4,850	0.0071	0.9929	91.46	
19.5	648,842	1,678	0.0026	0.9974	90.81	
20.5	639,485	3,229	0.0050	0.9950	90.57	
21.5	634,030	12,527	0.0198	0.9802	90.12	
22.5	625,168	2,282	0.0037	0.9963	88.34	
23.5	631,053	11,373	0.0180	0.9820	88.01	
24.5	619,237	6,999	0.0113	0.9887	86.43	
25.5	585,710	8,557	0.0146	0.9854	85.45	
26.5	574,959	16,368	0.0285	0.9715	84.20	
27.5	547,732	5,468	0.0100	0.9900	81.81	
28.5	445,091	8,488	0.0191	0.9809	80.99	
29.5	405,032	2,485	0.0061	0.9939	79.44	
30.5	338,218	6,706	0.0198	0.9802	78.96	
31.5	294,761	4,017	0.0136	0.9864	77.39	
32.5	278,204	9,145	0.0329	0.9671	76.34	
33.5	225,311	6,633	0.0294	0.9706	73.83	
34.5	216,621	2,401	0.0111	0.9889	71.65	
35.5	194,474	2,975	0.0153	0.9847	70.86	
36.5	188,496	3,132	0.0166	0.9834	69.78	
37.5	182,103	2,002	0.0110	0.9890	68.62	
38.5	176,749	3,995	0.0226	0.9774	67.86	

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 375.34 STRUCTURES AND IMPROVEMENTS - MEASURING AND REGULATING

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1911-2015			EXPERIENCE BAND 1939-2015			
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL	
39.5	173,500	1,390	0.0080	0.9920	66.33	
40.5	172,111	2,841	0.0165	0.9835	65.80	
41.5	168,179	32	0.0002	0.9998	64.71	
42.5	161,141	297	0.0018	0.9982	64.70	
43.5	153,507	2,603	0.0170	0.9830	64.58	
44.5	137,824	1,304	0.0095	0.9905	63.48	
45.5	122,722	1,260	0.0103	0.9897	62.88	
46.5	121,462	3,606	0.0297	0.9703	62.24	
47.5	115,105	1,693	0.0147	0.9853	60.39	
48.5	110,863	240	0.0022	0.9978	59.50	
49.5	104,441	517	0.0050	0.9950	59.37	
50.5	97,840	2,933	0.0300	0.9700	59.08	
51.5	84,839	6,032	0.0711	0.9289	57.31	
52.5	76,629	868	0.0113	0.9887	53.23	
53.5	73,071	3,886	0.0532	0.9468	52.63	
54.5	68,786	1,087	0.0158	0.9842	49.83	
55.5	61,156	2,833	0.0463	0.9537	49.04	
56.5	52,737		0.0000	1.0000	46.77	
57.5	46,576	1,585	0.0340	0.9660	46.77	
58.5	39,737	472	0.0119	0.9881	45.18	
59.5	32,135	442	0.0138	0.9862	44.64	
60.5	28,234	1,125	0.0399	0.9601	44.03	
61.5	21,971	602	0.0274	0.9726	42.27	
62.5	18,418	310	0.0168	0.9832	41.12	
63.5	15,787	461	0.0292	0.9708	40.43	
64.5	10,116	0	0.0000	1.0000	39.25	
65.5	7,644	396	0.0518	0.9482	39.25	
66.5	6,916	200	0.0289	0.9711	37.21	
67.5	6,652		0.0000	1.0000	36.14	
68.5	6,437	205	0.0318	0.9682	36.14	
69.5	6,233	339	0.0544	0.9456	34.99	
70.5	5,894	675	0.1145	0.8855	33.08	
71.5	5,219	1	0.0002	0.9998	29.29	
72.5	5,179	2	0.0004	0.9996	29.29	
73.5	5,177	6	0.0011	0.9989	29.28	
74.5	4,238	205	0.0483	0.9517	29.24	
75.5	3,494	25	0.0072	0.9928	27.83	
76.5	3,151	148	0.0470	0.9530	27.63	
77.5	3,003		0.0000	1.0000	26.33	
78.5	2,978		0.0000	1.0000	26.33	

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 375.34 STRUCTURES AND IMPROVEMENTS - MEASURING AND REGULATING

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1911-2015			EXPERIENCE BAND 1939-2015			
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL	
79.5	2,754	117	0.0425	0.9575	26.33	
80.5	2,637		0.0000	1.0000	25.22	
81.5	2,637		0.0000	1.0000	25.22	
82.5	2,637		0.0000	1.0000	25.22	
83.5	2,573	205	0.0796	0.9204	25.22	
84.5	2,368		0.0000	1.0000	23.21	
85.5	2,192		0.0000	1.0000	23.21	
86.5	1,794	3	0.0016	0.9984	23.21	
87.5	1,097		0.0000	1.0000	23.17	
88.5	1,097		0.0000	1.0000	23.17	
89.5	1,097		0.0000	1.0000	23.17	
90.5	1,097	6	0.0057	0.9943	23.17	
91.5	1,091		0.0000	1.0000	23.04	
92.5	1,091		0.0000	1.0000	23.04	
93.5	1,091		0.0000	1.0000	23.04	
94.5	1,091		0.0000	1.0000	23.04	
95.5	1,091		0.0000	1.0000	23.04	
96.5	1,091		0.0000	1.0000	23.04	
97.5	1,091		0.0000	1.0000	23.04	
98.5	1,091		0.0000	1.0000	23.04	
99.5	1,091		0.0000	1.0000	23.04	
100.5	894		0.0000	1.0000	23.04	
101.5	894		0.0000	1.0000	23.04	
102.5	894		0.0000	1.0000	23.04	
103.5	894		0.0000	1.0000	23.04	
104.5					23.04	

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 375.34 STRUCTURES AND IMPROVEMENTS - MEASURING AND REGULATING

ORIGINAL LIFE TABLE

PLACEMENT BAND 1911-2015			EXPERIENCE BAND 1981-2015		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	1,716,937		0.0000	1.0000	100.00
0.5	1,342,585		0.0000	1.0000	100.00
1.5	1,232,726	1	0.0000	1.0000	100.00
2.5	1,067,421	5,534	0.0052	0.9948	100.00
3.5	894,570	445	0.0005	0.9995	99.48
4.5	779,099	14,514	0.0186	0.9814	99.43
5.5	628,425	5,077	0.0081	0.9919	97.58
6.5	608,094	1	0.0000	1.0000	96.79
7.5	581,249	6,578	0.0113	0.9887	96.79
8.5	554,397	373	0.0007	0.9993	95.70
9.5	550,546		0.0000	1.0000	95.63
10.5	560,834	3,376	0.0060	0.9940	95.63
11.5	551,469	3,446	0.0062	0.9938	95.06
12.5	567,933	6	0.0000	1.0000	94.46
13.5	547,892	5,265	0.0096	0.9904	94.46
14.5	516,276	8,790	0.0170	0.9830	93.55
15.5	518,711	6,642	0.0128	0.9872	91.96
16.5	523,803	69	0.0001	0.9999	90.78
17.5	531,566	1,326	0.0025	0.9975	90.77
18.5	537,429	4,850	0.0090	0.9910	90.54
19.5	513,718	1,678	0.0033	0.9967	89.73
20.5	524,523	2,537	0.0048	0.9952	89.43
21.5	531,583	11,899	0.0224	0.9776	89.00
22.5	532,523	1,076	0.0020	0.9980	87.01
23.5	549,987	9,841	0.0179	0.9821	86.83
24.5	565,732	5,761	0.0102	0.9898	85.28
25.5	537,822	7,602	0.0141	0.9859	84.41
26.5	536,022	16,319	0.0304	0.9696	83.22
27.5	512,387	4,099	0.0080	0.9920	80.68
28.5	414,515	8,154	0.0197	0.9803	80.04
29.5	385,327	1,837	0.0048	0.9952	78.46
30.5	322,433	5,641	0.0175	0.9825	78.09
31.5	282,672	3,741	0.0132	0.9868	76.72
32.5	266,714	8,984	0.0337	0.9663	75.71
33.5	214,897	5,890	0.0274	0.9726	73.16
34.5	208,000	2,401	0.0115	0.9885	71.15
35.5	185,803	2,351	0.0127	0.9873	70.33
36.5	180,576	2,901	0.0161	0.9839	69.44
37.5	174,413	1,869	0.0107	0.9893	68.33
38.5	169,024	3,601	0.0213	0.9787	67.59

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 375.34 STRUCTURES AND IMPROVEMENTS - MEASURING AND REGULATING

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1911-2015			EXPERIENCE BAND 1981-2015			
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL	
39.5	167,418	1,307	0.0078	0.9922	66.15	
40.5	166,932	2,752	0.0165	0.9835	65.64	
41.5	163,317	32	0.0002	0.9998	64.56	
42.5	156,247	23	0.0001	0.9999	64.54	
43.5	149,180	2,545	0.0171	0.9829	64.53	
44.5	133,305	1,261	0.0095	0.9905	63.43	
45.5	118,245	1,260	0.0107	0.9893	62.83	
46.5	116,985	3,606	0.0308	0.9692	62.16	
47.5	110,628	1,610	0.0146	0.9854	60.25	
48.5	106,535	10	0.0001	0.9999	59.37	
49.5	100,342	13	0.0001	0.9999	59.37	
50.5	94,423	2,289	0.0242	0.9758	59.36	
51.5	83,028	6,032	0.0726	0.9274	57.92	
52.5	76,133	837	0.0110	0.9890	53.71	
53.5	72,754	3,886	0.0534	0.9466	53.12	
54.5	68,469	1,087	0.0159	0.9841	50.28	
55.5	59,939	2,833	0.0473	0.9527	49.49	
56.5	51,520		0.0000	1.0000	47.15	
57.5	45,476	1,585	0.0349	0.9651	47.15	
58.5	38,637	472	0.0122	0.9878	45.50	
59.5	31,035	442	0.0142	0.9858	44.95	
60.5	27,134	1,125	0.0415	0.9585	44.31	
61.5	20,871	602	0.0288	0.9712	42.47	
62.5	17,318	310	0.0179	0.9821	41.24	
63.5	14,687	461	0.0314	0.9686	40.51	
64.5	9,016	0	0.0000	1.0000	39.24	
65.5	6,744	396	0.0587	0.9413	39.24	
66.5	6,016	200	0.0332	0.9668	36.93	
67.5	5,752		0.0000	1.0000	35.70	
68.5	5,537	205	0.0370	0.9630	35.70	
69.5	6,233	339	0.0544	0.9456	34.38	
70.5	5,894	675	0.1145	0.8855	32.51	
71.5	5,219	1	0.0002	0.9998	28.79	
72.5	5,179	2	0.0004	0.9996	28.78	
73.5	5,177	6	0.0011	0.9989	28.77	
74.5	4,238	205	0.0483	0.9517	28.74	
75.5	3,494	25	0.0072	0.9928	27.35	
76.5	3,151	148	0.0470	0.9530	27.16	
77.5	3,003		0.0000	1.0000	25.88	
78.5	2,978		0.0000	1.0000	25.88	

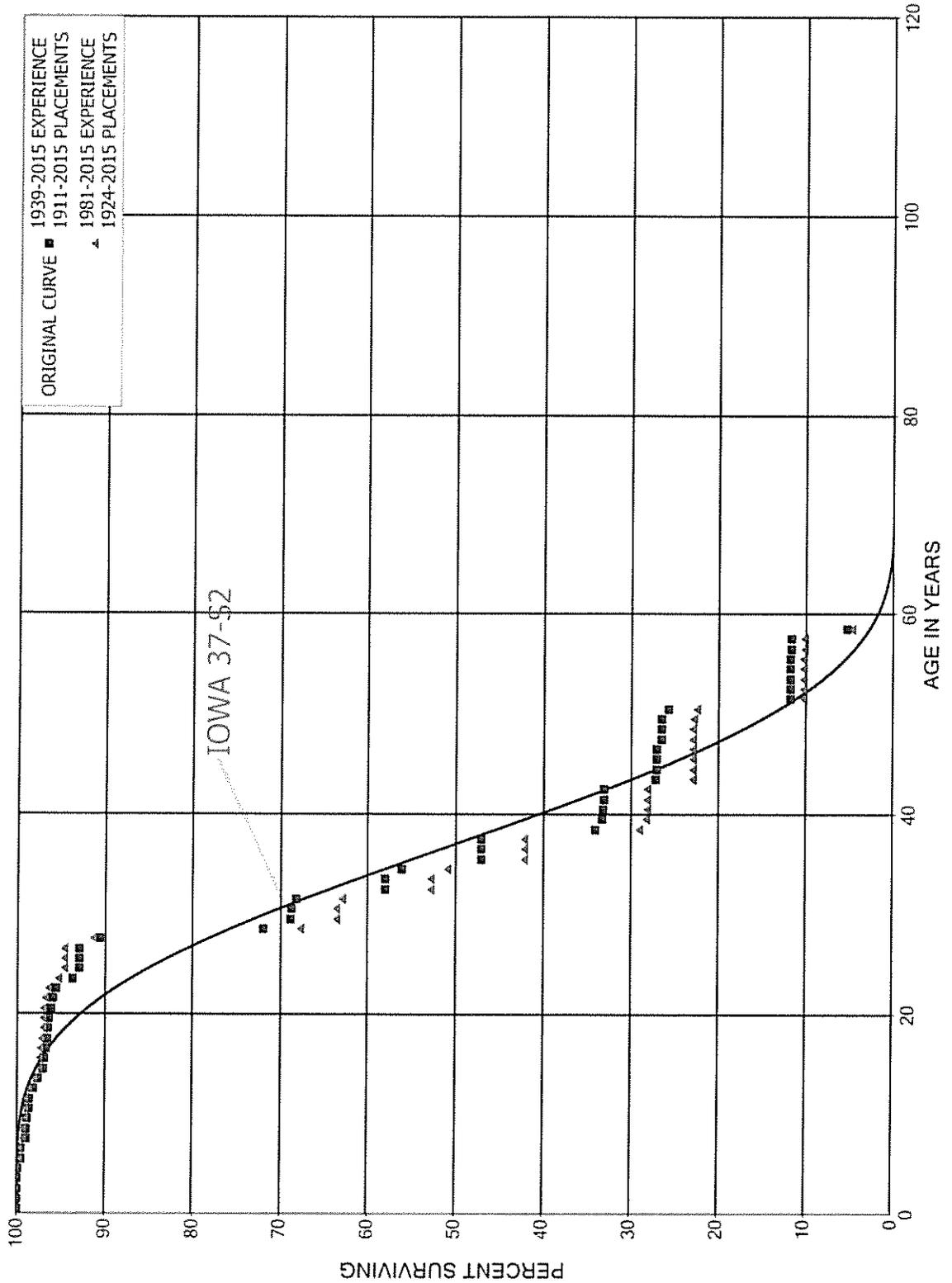
COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 375.34 STRUCTURES AND IMPROVEMENTS - MEASURING AND REGULATING

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1911-2015			EXPERIENCE BAND 1981-2015			
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL	
79.5	2,754	117	0.0425	0.9575	25.88	
80.5	2,637		0.0000	1.0000	24.78	
81.5	2,637		0.0000	1.0000	24.78	
82.5	2,637		0.0000	1.0000	24.78	
83.5	2,573	205	0.0796	0.9204	24.78	
84.5	2,368		0.0000	1.0000	22.81	
85.5	2,192		0.0000	1.0000	22.81	
86.5	1,794	3	0.0016	0.9984	22.81	
87.5	1,097		0.0000	1.0000	22.77	
88.5	1,097		0.0000	1.0000	22.77	
89.5	1,097		0.0000	1.0000	22.77	
90.5	1,097	6	0.0057	0.9943	22.77	
91.5	1,091		0.0000	1.0000	22.64	
92.5	1,091		0.0000	1.0000	22.64	
93.5	1,091		0.0000	1.0000	22.64	
94.5	1,091		0.0000	1.0000	22.64	
95.5	1,091		0.0000	1.0000	22.64	
96.5	1,091		0.0000	1.0000	22.64	
97.5	1,091		0.0000	1.0000	22.64	
98.5	1,091		0.0000	1.0000	22.64	
99.5	1,091		0.0000	1.0000	22.64	
100.5	894		0.0000	1.0000	22.64	
101.5	894		0.0000	1.0000	22.64	
102.5	894		0.0000	1.0000	22.64	
103.5	894		0.0000	1.0000	22.64	
104.5					22.64	

COLUMBIA GAS OF KENTUCKY, INC.
 ACCOUNT 375.7 STRUCTURES AND IMPROVEMENTS - OTHER DISTRIBUTION SYSTEM STRUCTURES
 ORIGINAL AND SMOOTH SURVIVOR CURVES



COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 375.7 STRUCTURES AND IMPROVEMENTS - OTHER DISTRIBUTION SYSTEM
STRUCTURES

ORIGINAL LIFE TABLE

PLACEMENT BAND 1911-2015

EXPERIENCE BAND 1939-2015

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	8,698,597		0.0000	1.0000	100.00
0.5	8,161,913		0.0000	1.0000	100.00
1.5	7,914,794	1,939	0.0002	0.9998	100.00
2.5	7,717,359	875	0.0001	0.9999	99.98
3.5	7,708,478	10,759	0.0014	0.9986	99.96
4.5	7,708,483	23,710	0.0031	0.9969	99.82
5.5	7,723,731	1,476	0.0002	0.9998	99.52
6.5	7,689,865	42,406	0.0055	0.9945	99.50
7.5	7,654,223	647	0.0001	0.9999	98.95
8.5	7,651,858	11,989	0.0016	0.9984	98.94
9.5	7,623,703	13,858	0.0018	0.9982	98.79
10.5	7,612,067	2,144	0.0003	0.9997	98.61
11.5	7,610,726	34,458	0.0045	0.9955	98.58
12.5	7,527,709	41,969	0.0056	0.9944	98.13
13.5	7,330,880	40,287	0.0055	0.9945	97.59
14.5	7,305,911	8,092	0.0011	0.9989	97.05
15.5	7,279,623	17,595	0.0024	0.9976	96.94
16.5	7,266,544	5,409	0.0007	0.9993	96.71
17.5	7,237,935	13,378	0.0018	0.9982	96.64
18.5	7,225,633	1,393	0.0002	0.9998	96.46
19.5	7,194,622	19,538	0.0027	0.9973	96.44
20.5	7,175,083	20,090	0.0028	0.9972	96.18
21.5	973,960	3,292	0.0034	0.9966	95.91
22.5	970,669	19,193	0.0198	0.9802	95.58
23.5	385,781	3,033	0.0079	0.9921	93.69
24.5	386,113	116	0.0003	0.9997	92.96
25.5	386,259	146	0.0004	0.9996	92.93
26.5	386,113	9,507	0.0246	0.9754	92.89
27.5	376,753	77,814	0.2065	0.7935	90.61
28.5	298,994	12,910	0.0432	0.9568	71.89
29.5	286,084	317	0.0011	0.9989	68.79
30.5	284,161	2,141	0.0075	0.9925	68.71
31.5	282,020	41,812	0.1483	0.8517	68.19
32.5	240,365		0.0000	1.0000	58.08
33.5	240,365	8,081	0.0336	0.9664	58.08
34.5	232,284	37,321	0.1607	0.8393	56.13
35.5	194,963	189	0.0010	0.9990	47.11
36.5	195,683	63	0.0003	0.9997	47.07
37.5	196,170	54,287	0.2767	0.7233	47.05
38.5	141,350	3,029	0.0214	0.9786	34.03

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 375.7 STRUCTURES AND IMPROVEMENTS - OTHER DISTRIBUTION SYSTEM
STRUCTURES

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1911-2015			EXPERIENCE BAND 1939-2015			
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL	
39.5	137,882	543	0.0039	0.9961	33.30	
40.5	136,871	226	0.0017	0.9983	33.17	
41.5	135,223	417	0.0031	0.9969	33.12	
42.5	135,694	24,152	0.1780	0.8220	33.01	
43.5	111,064	294	0.0026	0.9974	27.14	
44.5	110,771		0.0000	1.0000	27.07	
45.5	110,533		0.0000	1.0000	27.07	
46.5	110,533	2,093	0.0189	0.9811	27.07	
47.5	103,129		0.0000	1.0000	26.55	
48.5	102,166	392	0.0038	0.9962	26.55	
49.5	101,775	2,818	0.0277	0.9723	26.45	
50.5	96,344	52,458	0.5445	0.4555	25.72	
51.5	43,886	148	0.0034	0.9966	11.72	
52.5	43,739		0.0000	1.0000	11.68	
53.5	43,739		0.0000	1.0000	11.68	
54.5	39,948		0.0000	1.0000	11.68	
55.5	39,948	361	0.0090	0.9910	11.68	
56.5	36,001		0.0000	1.0000	11.57	
57.5	32,863	17,906	0.5449	0.4551	11.57	
58.5	9,793		0.0000	1.0000	5.27	
59.5	9,793		0.0000	1.0000	5.27	
60.5	8,884		0.0000	1.0000	5.27	
61.5	8,081		0.0000	1.0000	5.27	
62.5	7,454		0.0000	1.0000	5.27	
63.5	6,179		0.0000	1.0000	5.27	
64.5	4,994		0.0000	1.0000	5.27	
65.5	1,419		0.0000	1.0000	5.27	
66.5	671		0.0000	1.0000	5.27	
67.5	671		0.0000	1.0000	5.27	
68.5	671		0.0000	1.0000	5.27	
69.5	671		0.0000	1.0000	5.27	
70.5	671		0.0000	1.0000	5.27	
71.5	671		0.0000	1.0000	5.27	
72.5	671		0.0000	1.0000	5.27	
73.5	671		0.0000	1.0000	5.27	
74.5	671		0.0000	1.0000	5.27	
75.5	671		0.0000	1.0000	5.27	
76.5	671		0.0000	1.0000	5.27	
77.5	671		0.0000	1.0000	5.27	
78.5	671		0.0000	1.0000	5.27	

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 375.7 STRUCTURES AND IMPROVEMENTS - OTHER DISTRIBUTION SYSTEM
STRUCTURES

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1911-2015			EXPERIENCE BAND 1939-2015		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
79.5	240		0.0000	1.0000	5.27
80.5	240		0.0000	1.0000	5.27
81.5	240		0.0000	1.0000	5.27
82.5	240		0.0000	1.0000	5.27
83.5	240		0.0000	1.0000	5.27
84.5	240		0.0000	1.0000	5.27
85.5	240		0.0000	1.0000	5.27
86.5	240		0.0000	1.0000	5.27
87.5	240		0.0000	1.0000	5.27
88.5	240		0.0000	1.0000	5.27
89.5	240		0.0000	1.0000	5.27
90.5	240		0.0000	1.0000	5.27
91.5					5.27

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 375.7 STRUCTURES AND IMPROVEMENTS - OTHER DISTRIBUTION SYSTEM
STRUCTURES

ORIGINAL LIFE TABLE

PLACEMENT BAND 1924-2015

EXPERIENCE BAND 1981-2015

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	8,288,467		0.0000	1.0000	100.00
0.5	7,800,906		0.0000	1.0000	100.00
1.5	7,577,340		0.0000	1.0000	100.00
2.5	7,411,430		0.0000	1.0000	100.00
3.5	7,405,851	10,072	0.0014	0.9986	100.00
4.5	7,395,779	23,263	0.0031	0.9969	99.86
5.5	7,361,596		0.0000	1.0000	99.55
6.5	7,333,941	38,507	0.0053	0.9947	99.55
7.5	7,295,435		0.0000	1.0000	99.03
8.5	7,295,435	10,134	0.0014	0.9986	99.03
9.5	7,281,977	2,626	0.0004	0.9996	98.89
10.5	7,284,728		0.0000	1.0000	98.85
11.5	7,284,728	33,637	0.0046	0.9954	98.85
12.5	7,206,254	40,342	0.0056	0.9944	98.40
13.5	7,008,364	38,520	0.0055	0.9945	97.85
14.5	7,007,869	5,262	0.0008	0.9992	97.31
15.5	6,987,460	7,511	0.0011	0.9989	97.24
16.5	6,991,206	4,734	0.0007	0.9993	97.13
17.5	7,003,160	12,905	0.0018	0.9982	97.07
18.5	6,990,685	1,164	0.0002	0.9998	96.89
19.5	6,969,753		0.0000	1.0000	96.87
20.5	7,041,069	18,590	0.0026	0.9974	96.87
21.5	843,531	3,292	0.0039	0.9961	96.61
22.5	840,239	9,739	0.0116	0.9884	96.24
23.5	268,967	1,697	0.0063	0.9937	95.12
24.5	270,843		0.0000	1.0000	94.52
25.5	270,843		0.0000	1.0000	94.52
26.5	271,880	9,507	0.0350	0.9650	94.52
27.5	289,933	75,533	0.2605	0.7395	91.22
28.5	215,675	12,910	0.0599	0.9401	67.45
29.5	204,230		0.0000	1.0000	63.42
30.5	207,577	2,141	0.0103	0.9897	63.42
31.5	258,643	41,713	0.1613	0.8387	62.76
32.5	216,930		0.0000	1.0000	52.64
33.5	217,112	8,024	0.0370	0.9630	52.64
34.5	209,088	36,110	0.1727	0.8273	50.69
35.5	172,978		0.0000	1.0000	41.94
36.5	173,886		0.0000	1.0000	41.94
37.5	173,886	54,287	0.3122	0.6878	41.94
38.5	117,769	3,029	0.0257	0.9743	28.85

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 375.7 STRUCTURES AND IMPROVEMENTS - OTHER DISTRIBUTION SYSTEM
STRUCTURES

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1924-2015			EXPERIENCE BAND 1981-2015		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
39.5	115,660	543	0.0047	0.9953	28.10
40.5	131,635		0.0000	1.0000	27.97
41.5	130,214	234	0.0018	0.9982	27.97
42.5	130,899	24,132	0.1844	0.8156	27.92
43.5	106,289	294	0.0028	0.9972	22.77
44.5	106,426		0.0000	1.0000	22.71
45.5	106,188		0.0000	1.0000	22.71
46.5	106,188		0.0000	1.0000	22.71
47.5	100,877		0.0000	1.0000	22.71
48.5	99,915	281	0.0028	0.9972	22.71
49.5	99,634	1,426	0.0143	0.9857	22.65
50.5	95,595	52,458	0.5488	0.4512	22.32
51.5	43,489		0.0000	1.0000	10.07
52.5	43,489		0.0000	1.0000	10.07
53.5	43,489		0.0000	1.0000	10.07
54.5	39,698		0.0000	1.0000	10.07
55.5	39,698	351	0.0089	0.9911	10.07
56.5	36,001		0.0000	1.0000	9.98
57.5	32,863	17,906	0.5449	0.4551	9.98
58.5	9,793		0.0000	1.0000	4.54
59.5	9,793		0.0000	1.0000	4.54
60.5	8,884		0.0000	1.0000	4.54
61.5	8,081		0.0000	1.0000	4.54
62.5	7,454		0.0000	1.0000	4.54
63.5	6,179		0.0000	1.0000	4.54
64.5	4,994		0.0000	1.0000	4.54
65.5	1,419		0.0000	1.0000	4.54
66.5	671		0.0000	1.0000	4.54
67.5	671		0.0000	1.0000	4.54
68.5	671		0.0000	1.0000	4.54
69.5	671		0.0000	1.0000	4.54
70.5	671		0.0000	1.0000	4.54
71.5	671		0.0000	1.0000	4.54
72.5	671		0.0000	1.0000	4.54
73.5	671		0.0000	1.0000	4.54
74.5	671		0.0000	1.0000	4.54
75.5	671		0.0000	1.0000	4.54
76.5	671		0.0000	1.0000	4.54
77.5	671		0.0000	1.0000	4.54
78.5	671		0.0000	1.0000	4.54

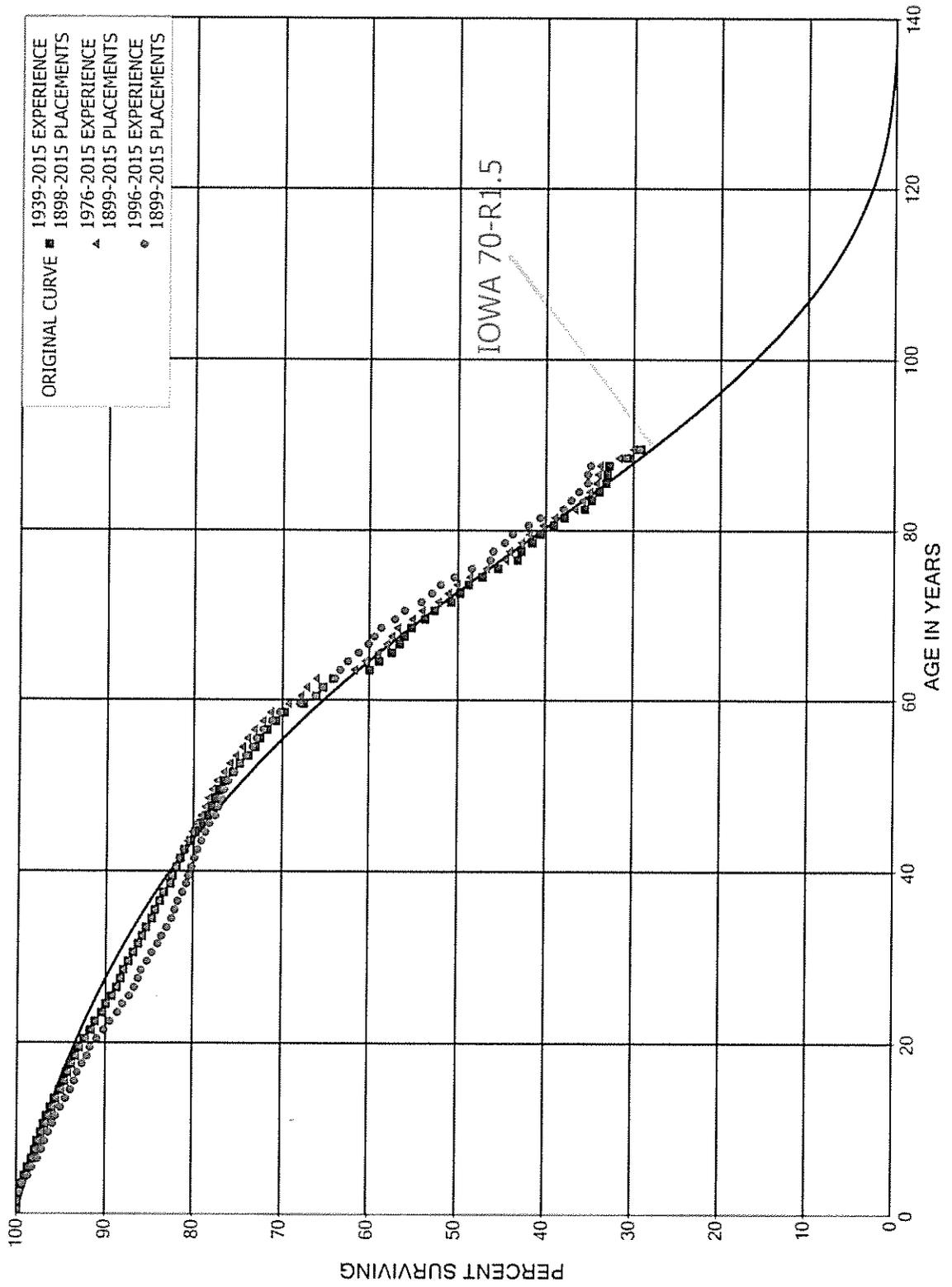
COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 375.7 STRUCTURES AND IMPROVEMENTS - OTHER DISTRIBUTION SYSTEM
STRUCTURES

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1924-2015			EXPERIENCE BAND 1981-2015		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
79.5	240		0.0000	1.0000	4.54
80.5	240		0.0000	1.0000	4.54
81.5	240		0.0000	1.0000	4.54
82.5	240		0.0000	1.0000	4.54
83.5	240		0.0000	1.0000	4.54
84.5	240		0.0000	1.0000	4.54
85.5	240		0.0000	1.0000	4.54
86.5	240		0.0000	1.0000	4.54
87.5	240		0.0000	1.0000	4.54
88.5	240		0.0000	1.0000	4.54
89.5	240		0.0000	1.0000	4.54
90.5	240		0.0000	1.0000	4.54
91.5					4.54

COLUMBIA GAS OF KENTUCKY, INC.
 ACCOUNT 376 MAINS
 ORIGINAL AND SMOOTH SURVIVOR CURVES



COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 376 MAINS

ORIGINAL LIFE TABLE

PLACEMENT BAND 1898-2015

EXPERIENCE BAND 1939-2015

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	207,306,094	37,492	0.0002	0.9998	100.00
0.5	193,555,151	132,146	0.0007	0.9993	99.98
1.5	181,435,968	407,083	0.0022	0.9978	99.91
2.5	169,315,381	466,216	0.0028	0.9972	99.69
3.5	158,528,301	493,558	0.0031	0.9969	99.41
4.5	151,396,526	581,123	0.0038	0.9962	99.11
5.5	146,884,558	694,063	0.0047	0.9953	98.73
6.5	140,254,649	433,077	0.0031	0.9969	98.26
7.5	132,859,289	372,339	0.0028	0.9972	97.96
8.5	128,644,936	503,466	0.0039	0.9961	97.68
9.5	121,489,133	459,372	0.0038	0.9962	97.30
10.5	119,558,603	444,128	0.0037	0.9963	96.93
11.5	117,456,477	546,341	0.0047	0.9953	96.57
12.5	116,375,327	541,966	0.0047	0.9953	96.12
13.5	110,292,029	597,085	0.0054	0.9946	95.67
14.5	105,170,877	452,996	0.0043	0.9957	95.16
15.5	102,251,903	374,357	0.0037	0.9963	94.75
16.5	94,825,521	455,610	0.0048	0.9952	94.40
17.5	90,510,220	482,153	0.0053	0.9947	93.95
18.5	90,286,637	396,047	0.0044	0.9956	93.44
19.5	86,909,486	635,636	0.0073	0.9927	93.03
20.5	82,935,709	593,963	0.0072	0.9928	92.35
21.5	78,588,248	468,628	0.0060	0.9940	91.69
22.5	74,710,820	621,815	0.0083	0.9917	91.15
23.5	71,321,296	392,146	0.0055	0.9945	90.39
24.5	68,748,823	468,795	0.0068	0.9932	89.89
25.5	65,342,609	388,718	0.0059	0.9941	89.28
26.5	61,747,637	304,325	0.0049	0.9951	88.75
27.5	57,701,613	208,919	0.0036	0.9964	88.31
28.5	47,086,002	316,837	0.0067	0.9933	87.99
29.5	43,407,484	272,568	0.0063	0.9937	87.40
30.5	41,520,626	256,692	0.0062	0.9938	86.85
31.5	38,333,425	213,966	0.0056	0.9944	86.31
32.5	36,426,396	207,189	0.0057	0.9943	85.83
33.5	33,860,108	247,584	0.0073	0.9927	85.34
34.5	31,377,483	136,219	0.0043	0.9957	84.72
35.5	29,341,640	162,190	0.0055	0.9945	84.35
36.5	27,493,517	161,803	0.0059	0.9941	83.88
37.5	26,014,981	232,179	0.0089	0.9911	83.39
38.5	25,099,031	83,943	0.0033	0.9967	82.65

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 376 MAINS

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1898-2015			EXPERIENCE BAND 1939-2015			
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL	
39.5	24,378,933	120,607	0.0049	0.9951	82.37	
40.5	24,051,943	138,607	0.0058	0.9942	81.96	
41.5	23,400,903	109,747	0.0047	0.9953	81.49	
42.5	22,659,266	187,955	0.0083	0.9917	81.11	
43.5	21,044,019	152,665	0.0073	0.9927	80.43	
44.5	19,622,660	125,966	0.0064	0.9936	79.85	
45.5	18,563,980	167,271	0.0090	0.9910	79.34	
46.5	16,806,827	112,865	0.0067	0.9933	78.62	
47.5	15,698,936	91,995	0.0059	0.9941	78.10	
48.5	14,969,992	116,913	0.0078	0.9922	77.64	
49.5	13,499,121	95,448	0.0071	0.9929	77.03	
50.5	12,545,846	150,360	0.0120	0.9880	76.49	
51.5	11,391,927	115,067	0.0101	0.9899	75.57	
52.5	10,417,944	133,086	0.0128	0.9872	74.81	
53.5	9,630,249	103,531	0.0108	0.9892	73.85	
54.5	8,731,187	71,773	0.0082	0.9918	73.06	
55.5	7,841,444	77,291	0.0099	0.9901	72.46	
56.5	6,940,502	99,200	0.0143	0.9857	71.74	
57.5	5,793,580	82,398	0.0142	0.9858	70.72	
58.5	4,560,661	145,230	0.0318	0.9682	69.71	
59.5	3,780,125	78,714	0.0208	0.9792	67.49	
60.5	3,329,479	37,999	0.0114	0.9886	66.09	
61.5	2,942,899	51,451	0.0175	0.9825	65.33	
62.5	2,777,932	179,114	0.0645	0.9355	64.19	
63.5	2,558,864	48,990	0.0191	0.9809	60.05	
64.5	2,127,832	50,455	0.0237	0.9763	58.90	
65.5	1,827,855	29,495	0.0161	0.9839	57.50	
66.5	1,706,816	15,905	0.0093	0.9907	56.58	
67.5	1,623,211	22,752	0.0140	0.9860	56.05	
68.5	1,570,705	43,936	0.0280	0.9720	55.26	
69.5	1,494,012	30,364	0.0203	0.9797	53.72	
70.5	1,452,268	50,990	0.0351	0.9649	52.63	
71.5	1,398,424	29,497	0.0211	0.9789	50.78	
72.5	1,364,567	26,925	0.0197	0.9803	49.71	
73.5	1,331,866	42,798	0.0321	0.9679	48.73	
74.5	1,249,486	47,540	0.0380	0.9620	47.16	
75.5	1,067,026	51,586	0.0483	0.9517	45.37	
76.5	994,464	9,630	0.0097	0.9903	43.17	
77.5	972,115	28,732	0.0296	0.9704	42.76	
78.5	915,045	18,589	0.0203	0.9797	41.49	

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 376 MAINS

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1898-2015			EXPERIENCE BAND 1939-2015			
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL	
79.5	886,772	34,278	0.0387	0.9613	40.65	
80.5	822,835	26,232	0.0319	0.9681	39.08	
81.5	794,744	48,943	0.0616	0.9384	37.83	
82.5	406,377	9,201	0.0226	0.9774	35.50	
83.5	389,181	9,262	0.0238	0.9762	34.70	
84.5	368,934	8,256	0.0224	0.9776	33.87	
85.5	351,302	1,561	0.0044	0.9956	33.11	
86.5	288,544	2,137	0.0074	0.9926	32.97	
87.5	87,380	5,583	0.0639	0.9361	32.72	
88.5	73,248	3,692	0.0504	0.9496	30.63	
89.5	55,006	608	0.0111	0.9889	29.09	
90.5	50,202	1,516	0.0302	0.9698	28.77	
91.5	48,392	8	0.0002	0.9998	27.90	
92.5	47,236	51	0.0011	0.9989	27.89	
93.5	47,095	2,273	0.0483	0.9517	27.86	
94.5	44,745	54	0.0012	0.9988	26.52	
95.5	42,752	607	0.0142	0.9858	26.49	
96.5	42,145	8,057	0.1912	0.8088	26.11	
97.5	33,964	843	0.0248	0.9752	21.12	
98.5	33,121	2	0.0001	0.9999	20.59	
99.5	33,065	615	0.0186	0.9814	20.59	
100.5	24,982		0.0000	1.0000	20.21	
101.5	24,780	8,829	0.3563	0.6437	20.21	
102.5	13,268	79	0.0059	0.9941	13.01	
103.5	13,189	799	0.0606	0.9394	12.93	
104.5	12,390	1,566	0.1264	0.8736	12.15	
105.5	10,802		0.0000	1.0000	10.61	
106.5	10,802	3,212	0.2974	0.7026	10.61	
107.5	7,513		0.0000	1.0000	7.46	
108.5	7,513		0.0000	1.0000	7.46	
109.5	7,197	12	0.0017	0.9983	7.46	
110.5	1,459		0.0000	1.0000	7.44	
111.5	1,459	584	0.4000	0.6000	7.44	
112.5	875		0.0000	1.0000	4.47	
113.5	875		0.0000	1.0000	4.47	
114.5	875		0.0000	1.0000	4.47	
115.5	875		0.0000	1.0000	4.47	
116.5					4.47	

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 376 MAINS

ORIGINAL LIFE TABLE

PLACEMENT BAND 1899-2015

EXPERIENCE BAND 1976-2015

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	185,357,533	35,380	0.0002	0.9998	100.00
0.5	171,917,940	129,835	0.0008	0.9992	99.98
1.5	160,212,401	399,526	0.0025	0.9975	99.91
2.5	148,533,601	449,307	0.0030	0.9970	99.66
3.5	138,540,274	488,029	0.0035	0.9965	99.35
4.5	132,466,996	566,864	0.0043	0.9957	99.00
5.5	128,673,379	669,626	0.0052	0.9948	98.58
6.5	123,652,914	407,877	0.0033	0.9967	98.07
7.5	117,172,601	355,796	0.0030	0.9970	97.74
8.5	113,538,981	480,140	0.0042	0.9958	97.45
9.5	107,589,503	438,648	0.0041	0.9959	97.04
10.5	106,565,585	404,114	0.0038	0.9962	96.64
11.5	105,518,189	506,139	0.0048	0.9952	96.27
12.5	105,233,051	505,636	0.0048	0.9952	95.81
13.5	99,802,597	545,430	0.0055	0.9945	95.35
14.5	95,347,586	420,626	0.0044	0.9956	94.83
15.5	93,170,682	304,462	0.0033	0.9967	94.41
16.5	86,738,309	409,771	0.0047	0.9953	94.10
17.5	83,604,846	450,675	0.0054	0.9946	93.66
18.5	84,693,411	361,332	0.0043	0.9957	93.15
19.5	82,101,122	596,979	0.0073	0.9927	92.76
20.5	78,750,899	552,925	0.0070	0.9930	92.08
21.5	74,861,869	421,433	0.0056	0.9944	91.44
22.5	71,714,500	588,959	0.0082	0.9918	90.92
23.5	68,689,300	361,976	0.0053	0.9947	90.17
24.5	66,534,847	446,760	0.0067	0.9933	89.70
25.5	63,496,767	365,373	0.0058	0.9942	89.10
26.5	60,077,354	285,058	0.0047	0.9953	88.58
27.5	55,854,811	192,735	0.0035	0.9965	88.16
28.5	45,017,307	296,898	0.0066	0.9934	87.86
29.5	41,397,216	259,189	0.0063	0.9937	87.28
30.5	39,539,116	241,425	0.0061	0.9939	86.73
31.5	36,368,861	197,589	0.0054	0.9946	86.20
32.5	34,425,111	194,835	0.0057	0.9943	85.74
33.5	31,833,087	215,932	0.0068	0.9932	85.25
34.5	29,482,516	123,567	0.0042	0.9958	84.67
35.5	27,823,497	148,298	0.0053	0.9947	84.32
36.5	26,020,691	153,071	0.0059	0.9941	83.87
37.5	24,580,107	225,668	0.0092	0.9908	83.37
38.5	23,722,416	70,131	0.0030	0.9970	82.61

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 376 MAINS

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1899-2015			EXPERIENCE BAND 1976-2015			
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL	
39.5	23,018,097	109,759	0.0048	0.9952	82.36	
40.5	22,754,216	113,134	0.0050	0.9950	81.97	
41.5	22,073,437	95,778	0.0043	0.9957	81.56	
42.5	21,891,539	149,157	0.0068	0.9932	81.21	
43.5	20,329,616	141,822	0.0070	0.9930	80.66	
44.5	18,938,439	101,428	0.0054	0.9946	80.09	
45.5	17,935,398	140,114	0.0078	0.9922	79.67	
46.5	16,417,223	81,367	0.0050	0.9950	79.04	
47.5	15,411,310	73,655	0.0048	0.9952	78.65	
48.5	14,714,745	89,615	0.0061	0.9939	78.28	
49.5	13,297,873	87,681	0.0066	0.9934	77.80	
50.5	12,337,699	127,099	0.0103	0.9897	77.29	
51.5	11,240,507	93,568	0.0083	0.9917	76.49	
52.5	10,289,937	94,425	0.0092	0.9908	75.85	
53.5	9,512,515	96,745	0.0102	0.9898	75.16	
54.5	8,622,247	70,110	0.0081	0.9919	74.39	
55.5	7,738,140	76,361	0.0099	0.9901	73.79	
56.5	6,826,814	91,762	0.0134	0.9866	73.06	
57.5	5,687,884	69,631	0.0122	0.9878	72.08	
58.5	4,469,549	126,144	0.0282	0.9718	71.20	
59.5	3,708,660	76,556	0.0206	0.9794	69.19	
60.5	3,230,335	32,422	0.0100	0.9900	67.76	
61.5	2,855,499	50,524	0.0177	0.9823	67.08	
62.5	2,697,606	175,916	0.0652	0.9348	65.89	
63.5	2,481,958	48,964	0.0197	0.9803	61.59	
64.5	2,050,978	50,222	0.0245	0.9755	60.38	
65.5	1,751,330	28,020	0.0160	0.9840	58.90	
66.5	1,640,799	15,820	0.0096	0.9904	57.96	
67.5	1,557,693	19,203	0.0123	0.9877	57.40	
68.5	1,508,913	43,064	0.0285	0.9715	56.69	
69.5	1,459,729	30,364	0.0208	0.9792	55.07	
70.5	1,444,961	50,990	0.0353	0.9647	53.93	
71.5	1,391,117	29,497	0.0212	0.9788	52.02	
72.5	1,357,260	25,832	0.0190	0.9810	50.92	
73.5	1,325,652	39,512	0.0298	0.9702	49.95	
74.5	1,246,559	47,540	0.0381	0.9619	48.46	
75.5	1,064,099	51,586	0.0485	0.9515	46.62	
76.5	994,464	9,630	0.0097	0.9903	44.36	
77.5	972,115	28,732	0.0296	0.9704	43.93	
78.5	915,045	18,589	0.0203	0.9797	42.63	

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 376 MAINS

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1899-2015			EXPERIENCE BAND 1976-2015			
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL	
79.5	886,772	34,278	0.0387	0.9613	41.76	
80.5	822,835	26,232	0.0319	0.9681	40.15	
81.5	794,744	48,943	0.0616	0.9384	38.87	
82.5	406,377	9,201	0.0226	0.9774	36.47	
83.5	389,181	9,262	0.0238	0.9762	35.65	
84.5	368,934	8,256	0.0224	0.9776	34.80	
85.5	351,302	1,561	0.0044	0.9956	34.02	
86.5	288,544	2,137	0.0074	0.9926	33.87	
87.5	87,380	5,583	0.0639	0.9361	33.62	
88.5	73,248	3,692	0.0504	0.9496	31.47	
89.5	55,006	608	0.0111	0.9889	29.88	
90.5	50,202	1,516	0.0302	0.9698	29.55	
91.5	48,392	8	0.0002	0.9998	28.66	
92.5	47,236	51	0.0011	0.9989	28.66	
93.5	47,095	2,273	0.0483	0.9517	28.63	
94.5	44,745	54	0.0012	0.9988	27.24	
95.5	42,752	607	0.0142	0.9858	27.21	
96.5	42,145	8,057	0.1912	0.8088	26.83	
97.5	33,964	843	0.0248	0.9752	21.70	
98.5	33,121	2	0.0001	0.9999	21.16	
99.5	33,065	615	0.0186	0.9814	21.16	
100.5	24,982		0.0000	1.0000	20.76	
101.5	24,780	8,829	0.3563	0.6437	20.76	
102.5	13,268	79	0.0059	0.9941	13.37	
103.5	13,189	799	0.0606	0.9394	13.29	
104.5	12,390	1,566	0.1264	0.8736	12.48	
105.5	10,802		0.0000	1.0000	10.90	
106.5	10,802	3,212	0.2974	0.7026	10.90	
107.5	7,513		0.0000	1.0000	7.66	
108.5	7,513		0.0000	1.0000	7.66	
109.5	7,197	12	0.0017	0.9983	7.66	
110.5	1,459		0.0000	1.0000	7.65	
111.5	1,459	584	0.4000	0.6000	7.65	
112.5	875		0.0000	1.0000	4.59	
113.5	875		0.0000	1.0000	4.59	
114.5	875		0.0000	1.0000	4.59	
115.5	875		0.0000	1.0000	4.59	
116.5					4.59	

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 376 MAINS

ORIGINAL LIFE TABLE

PLACEMENT BAND 1899-2015

EXPERIENCE BAND 1996-2015

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	122,540,835	34,914	0.0003	0.9997	100.00
0.5	112,298,211	87,737	0.0008	0.9992	99.97
1.5	104,016,901	310,547	0.0030	0.9970	99.89
2.5	95,249,938	334,153	0.0035	0.9965	99.60
3.5	87,378,939	413,220	0.0047	0.9953	99.25
4.5	82,646,509	399,192	0.0048	0.9952	98.78
5.5	81,220,905	585,126	0.0072	0.9928	98.30
6.5	78,073,453	325,280	0.0042	0.9958	97.59
7.5	75,200,682	282,088	0.0038	0.9962	97.18
8.5	82,005,161	354,890	0.0043	0.9957	96.82
9.5	78,416,876	333,928	0.0043	0.9957	96.40
10.5	77,980,206	340,046	0.0044	0.9956	95.99
11.5	79,143,185	454,496	0.0057	0.9943	95.57
12.5	79,666,393	408,112	0.0051	0.9949	95.02
13.5	75,985,095	476,987	0.0063	0.9937	94.54
14.5	73,362,227	380,484	0.0052	0.9948	93.94
15.5	72,435,079	259,515	0.0036	0.9964	93.46
16.5	66,944,882	356,815	0.0053	0.9947	93.12
17.5	64,026,992	370,779	0.0058	0.9942	92.62
18.5	64,627,361	265,041	0.0041	0.9959	92.09
19.5	61,803,683	547,507	0.0089	0.9911	91.71
20.5	58,233,491	485,997	0.0083	0.9917	90.90
21.5	54,471,893	389,066	0.0071	0.9929	90.14
22.5	51,396,658	502,753	0.0098	0.9902	89.50
23.5	49,639,439	305,089	0.0061	0.9939	88.62
24.5	48,475,333	406,775	0.0084	0.9916	88.08
25.5	46,089,273	322,607	0.0070	0.9930	87.34
26.5	44,301,134	206,737	0.0047	0.9953	86.73
27.5	41,107,641	163,556	0.0040	0.9960	86.32
28.5	30,918,444	238,729	0.0077	0.9923	85.98
29.5	28,610,174	212,540	0.0074	0.9926	85.31
30.5	27,708,419	189,636	0.0068	0.9932	84.68
31.5	25,648,359	151,068	0.0059	0.9941	84.10
32.5	24,656,201	147,297	0.0060	0.9940	83.60
33.5	22,835,052	164,080	0.0072	0.9928	83.10
34.5	21,304,077	85,629	0.0040	0.9960	82.51
35.5	20,157,888	88,622	0.0044	0.9956	82.18
36.5	19,302,221	119,939	0.0062	0.9938	81.81
37.5	18,995,310	106,057	0.0056	0.9944	81.31
38.5	19,489,201	44,067	0.0023	0.9977	80.85

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 376 MAINS

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1899-2015			EXPERIENCE BAND 1996-2015			
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL	
39.5	19,516,055	83,106	0.0043	0.9957	80.67	
40.5	19,540,833	82,067	0.0042	0.9958	80.33	
41.5	19,305,002	77,920	0.0040	0.9960	79.99	
42.5	19,087,507	113,394	0.0059	0.9941	79.67	
43.5	17,843,603	117,503	0.0066	0.9934	79.19	
44.5	17,023,307	86,469	0.0051	0.9949	78.67	
45.5	16,366,887	130,326	0.0080	0.9920	78.27	
46.5	14,769,065	64,676	0.0044	0.9956	77.65	
47.5	13,770,727	65,626	0.0048	0.9952	77.31	
48.5	13,119,198	58,286	0.0044	0.9956	76.94	
49.5	11,751,230	65,340	0.0056	0.9944	76.60	
50.5	10,800,046	100,528	0.0093	0.9907	76.17	
51.5	9,699,870	78,032	0.0080	0.9920	75.46	
52.5	8,763,218	82,455	0.0094	0.9906	74.86	
53.5	8,027,072	76,489	0.0095	0.9905	74.15	
54.5	7,236,673	54,432	0.0075	0.9925	73.45	
55.5	6,659,279	61,280	0.0092	0.9908	72.89	
56.5	5,787,150	80,938	0.0140	0.9860	72.22	
57.5	4,676,102	61,701	0.0132	0.9868	71.21	
58.5	3,503,523	117,297	0.0335	0.9665	70.27	
59.5	2,762,522	69,267	0.0251	0.9749	67.92	
60.5	2,315,026	26,825	0.0116	0.9884	66.22	
61.5	1,941,931	43,198	0.0222	0.9778	65.45	
62.5	2,079,250	19,030	0.0092	0.9908	63.99	
63.5	1,907,755	28,688	0.0150	0.9850	63.41	
64.5	1,513,931	27,969	0.0185	0.9815	62.45	
65.5	1,261,763	23,787	0.0189	0.9811	61.30	
66.5	1,292,637	14,160	0.0110	0.9890	60.14	
67.5	1,442,361	17,370	0.0120	0.9880	59.49	
68.5	1,406,778	36,954	0.0263	0.9737	58.77	
69.5	1,357,216	27,381	0.0202	0.9798	57.23	
70.5	1,339,750	44,343	0.0331	0.9669	56.07	
71.5	1,307,891	29,439	0.0225	0.9775	54.22	
72.5	1,276,674	25,707	0.0201	0.9799	53.00	
73.5	1,246,250	37,038	0.0297	0.9703	51.93	
74.5	1,170,266	46,951	0.0401	0.9599	50.38	
75.5	991,250	41,470	0.0418	0.9582	48.36	
76.5	928,803	8,601	0.0093	0.9907	46.34	
77.5	907,611	24,868	0.0274	0.9726	45.91	
78.5	854,406	18,401	0.0215	0.9785	44.65	

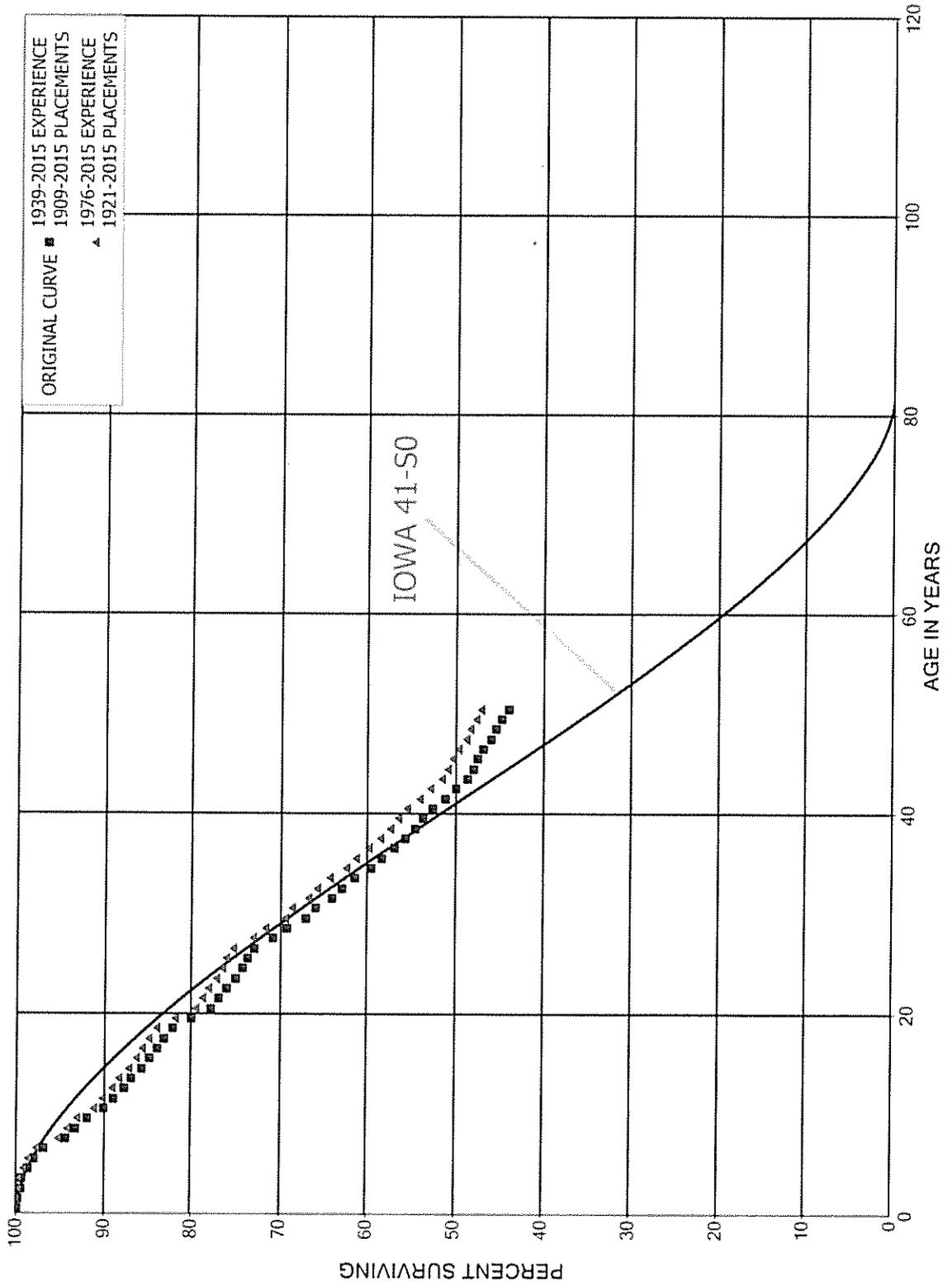
COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 376 MAINS

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1899-2015			EXPERIENCE BAND 1996-2015			
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL	
79.5	826,398	31,937	0.0386	0.9614	43.69	
80.5	773,906	26,232	0.0339	0.9661	42.00	
81.5	746,595	48,161	0.0645	0.9355	40.58	
82.5	361,983	9,066	0.0250	0.9750	37.96	
83.5	344,969	8,080	0.0234	0.9766	37.01	
84.5	325,862	8,256	0.0253	0.9747	36.14	
85.5	308,253	931	0.0030	0.9970	35.23	
86.5	246,125	2,137	0.0087	0.9913	35.12	
87.5	45,106	5,101	0.1131	0.8869	34.82	
88.5	31,456	1,573	0.0500	0.9500	30.88	
89.5	40,854	608	0.0149	0.9851	29.33	
90.5	48,243	1,516	0.0314	0.9686	28.90	
91.5	46,433	8	0.0002	0.9998	27.99	
92.5	45,276	51	0.0011	0.9989	27.99	
93.5	45,136	2,273	0.0504	0.9496	27.95	
94.5	42,786	54	0.0013	0.9987	26.55	
95.5	40,792	607	0.0149	0.9851	26.51	
96.5	42,145	8,057	0.1912	0.8088	26.12	
97.5	33,964	843	0.0248	0.9752	21.13	
98.5	33,121	2	0.0001	0.9999	20.60	
99.5	33,065	615	0.0186	0.9814	20.60	
100.5	24,982		0.0000	1.0000	20.22	
101.5	24,780	8,829	0.3563	0.6437	20.22	
102.5	13,268	79	0.0059	0.9941	13.01	
103.5	13,189	799	0.0606	0.9394	12.94	
104.5	12,390	1,566	0.1264	0.8736	12.15	
105.5	10,802		0.0000	1.0000	10.62	
106.5	10,802	3,212	0.2974	0.7026	10.62	
107.5	7,513		0.0000	1.0000	7.46	
108.5	7,513		0.0000	1.0000	7.46	
109.5	7,197	12	0.0017	0.9983	7.46	
110.5	1,459		0.0000	1.0000	7.45	
111.5	1,459	584	0.4000	0.6000	7.45	
112.5	875		0.0000	1.0000	4.47	
113.5	875		0.0000	1.0000	4.47	
114.5	875		0.0000	1.0000	4.47	
115.5	875		0.0000	1.0000	4.47	
116.5					4.47	

COLUMBIA GAS OF KENTUCKY, INC.
 ACCOUNT 378 MEASURING AND REGULATING STATION EQUIPMENT - GENERAL
 ORIGINAL AND SMOOTH SURVIVOR CURVES



COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 378 MEASURING AND REGULATING STATION EQUIPMENT - GENERAL

ORIGINAL LIFE TABLE

PLACEMENT BAND 1909-2015			EXPERIENCE BAND 1939-2015			
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL	
0.0	11,462,946	14,559	0.0013	0.9987	100.00	
0.5	7,540,618	12,752	0.0017	0.9983	99.87	
1.5	7,100,436	20,325	0.0029	0.9971	99.70	
2.5	6,815,720	12,513	0.0018	0.9982	99.42	
3.5	6,126,365	36,463	0.0060	0.9940	99.24	
4.5	5,949,130	45,515	0.0077	0.9923	98.65	
5.5	5,862,397	63,164	0.0108	0.9892	97.89	
6.5	5,697,564	146,679	0.0257	0.9743	96.84	
7.5	5,403,567	60,579	0.0112	0.9888	94.34	
8.5	5,288,303	73,246	0.0139	0.9861	93.29	
9.5	5,188,064	111,156	0.0214	0.9786	91.99	
10.5	5,033,123	61,618	0.0122	0.9878	90.02	
11.5	4,855,500	63,555	0.0131	0.9869	88.92	
12.5	4,798,751	44,606	0.0093	0.9907	87.76	
13.5	4,507,550	64,309	0.0143	0.9857	86.94	
14.5	4,228,304	45,047	0.0107	0.9893	85.70	
15.5	4,135,399	38,277	0.0093	0.9907	84.79	
16.5	4,041,272	40,509	0.0100	0.9900	84.00	
17.5	3,923,769	47,979	0.0122	0.9878	83.16	
18.5	3,702,351	93,155	0.0252	0.9748	82.14	
19.5	3,542,387	101,468	0.0286	0.9714	80.08	
20.5	3,194,859	35,627	0.0112	0.9888	77.78	
21.5	3,031,425	32,369	0.0107	0.9893	76.92	
22.5	2,764,530	37,098	0.0134	0.9866	76.09	
23.5	2,597,348	26,498	0.0102	0.9898	75.07	
24.5	2,466,837	17,699	0.0072	0.9928	74.31	
25.5	2,361,692	26,545	0.0112	0.9888	73.77	
26.5	2,105,949	60,532	0.0287	0.9713	72.95	
27.5	1,786,578	38,500	0.0215	0.9785	70.85	
28.5	1,302,343	42,421	0.0326	0.9674	69.32	
29.5	1,118,070	18,676	0.0167	0.9833	67.06	
30.5	947,059	27,465	0.0290	0.9710	65.94	
31.5	829,572	14,227	0.0172	0.9828	64.03	
32.5	763,581	17,585	0.0230	0.9770	62.93	
33.5	664,198	20,415	0.0307	0.9693	61.48	
34.5	584,230	11,960	0.0205	0.9795	59.59	
35.5	556,043	13,874	0.0250	0.9750	58.37	
36.5	533,874	11,624	0.0218	0.9782	56.92	
37.5	519,361	10,121	0.0195	0.9805	55.68	
38.5	506,263	8,250	0.0163	0.9837	54.59	

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 378 MEASURING AND REGULATING STATION EQUIPMENT - GENERAL

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1909-2015			EXPERIENCE BAND 1939-2015			
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL	
39.5	496,427	9,715	0.0196	0.9804	53.70	
40.5	473,531	13,475	0.0285	0.9715	52.65	
41.5	447,372	10,740	0.0240	0.9760	51.15	
42.5	398,038	10,320	0.0259	0.9741	49.93	
43.5	226,084	3,014	0.0133	0.9867	48.63	
44.5	165,283	1,806	0.0109	0.9891	47.98	
45.5	151,174	2,001	0.0132	0.9868	47.46	
46.5	135,310	2,463	0.0182	0.9818	46.83	
47.5	120,311	1,639	0.0136	0.9864	45.98	
48.5	113,273	1,650	0.0146	0.9854	45.35	
49.5	104,887	1,797	0.0171	0.9829	44.69	
50.5	95,551	1,507	0.0158	0.9842	43.93	
51.5	85,941	412	0.0048	0.9952	43.23	
52.5	79,586	847	0.0106	0.9894	43.03	
53.5	71,791	1,118	0.0156	0.9844	42.57	
54.5	64,137	1,718	0.0268	0.9732	41.90	
55.5	56,354	95	0.0017	0.9983	40.78	
56.5	51,222	413	0.0081	0.9919	40.71	
57.5	47,958	1,592	0.0332	0.9668	40.38	
58.5	43,152	333	0.0077	0.9923	39.04	
59.5	34,965	4,365	0.1248	0.8752	38.74	
60.5	23,070	212	0.0092	0.9908	33.91	
61.5	17,010	690	0.0405	0.9595	33.60	
62.5	14,016	158	0.0112	0.9888	32.23	
63.5	11,950	49	0.0041	0.9959	31.87	
64.5	9,828	67	0.0068	0.9932	31.74	
65.5	6,286	37	0.0059	0.9941	31.52	
66.5	5,383	179	0.0332	0.9668	31.34	
67.5	5,168	37	0.0071	0.9929	30.29	
68.5	5,096	142	0.0278	0.9722	30.08	
69.5	4,658	145	0.0311	0.9689	29.24	
70.5	4,513		0.0000	1.0000	28.33	
71.5	4,485	51	0.0114	0.9886	28.33	
72.5	4,433	12	0.0026	0.9974	28.01	
73.5	4,422	176	0.0398	0.9602	27.94	
74.5	2,985	20	0.0068	0.9932	26.82	
75.5	2,519	9	0.0037	0.9963	26.64	
76.5	2,300		0.0000	1.0000	26.54	
77.5	2,100		0.0000	1.0000	26.54	
78.5	2,062	48	0.0233	0.9767	26.54	

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 378 MEASURING AND REGULATING STATION EQUIPMENT - GENERAL

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1909-2015			EXPERIENCE BAND 1939-2015		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
79.5	2,014		0.0000	1.0000	25.92
80.5	2,014		0.0000	1.0000	25.92
81.5	2,014		0.0000	1.0000	25.92
82.5	1,440	74	0.0513	0.9487	25.92
83.5	1,366		0.0000	1.0000	24.59
84.5	1,366		0.0000	1.0000	24.59
85.5	1,366	92	0.0671	0.9329	24.59
86.5	985		0.0000	1.0000	22.94
87.5	310		0.0000	1.0000	22.94
88.5	310	228	0.7359	0.2641	22.94
89.5	82		0.0000	1.0000	6.06
90.5	82		0.0000	1.0000	6.06
91.5	82		0.0000	1.0000	6.06
92.5					6.06

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 378 MEASURING AND REGULATING STATION EQUIPMENT - GENERAL

ORIGINAL LIFE TABLE

PLACEMENT BAND 1921-2015

EXPERIENCE BAND 1976-2015

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	10,566,182	11,612	0.0011	0.9989	100.00
0.5	6,651,385	7,987	0.0012	0.9988	99.89
1.5	6,227,854	14,219	0.0023	0.9977	99.77
2.5	6,050,249	3,390	0.0006	0.9994	99.54
3.5	5,505,945	27,067	0.0049	0.9951	99.49
4.5	5,436,049	32,709	0.0060	0.9940	99.00
5.5	5,385,639	50,759	0.0094	0.9906	98.40
6.5	5,276,237	133,316	0.0253	0.9747	97.47
7.5	5,010,063	50,570	0.0101	0.9899	95.01
8.5	4,901,016	60,545	0.0124	0.9876	94.05
9.5	4,822,618	94,336	0.0196	0.9804	92.89
10.5	4,687,057	52,630	0.0112	0.9888	91.07
11.5	4,545,892	57,630	0.0127	0.9873	90.05
12.5	4,510,881	39,498	0.0088	0.9912	88.91
13.5	4,255,087	52,457	0.0123	0.9877	88.13
14.5	4,005,780	40,760	0.0102	0.9898	87.04
15.5	3,934,229	29,679	0.0075	0.9925	86.16
16.5	3,861,822	35,626	0.0092	0.9908	85.51
17.5	3,769,856	41,306	0.0110	0.9890	84.72
18.5	3,562,237	87,896	0.0247	0.9753	83.79
19.5	3,429,880	95,992	0.0280	0.9720	81.72
20.5	3,102,804	31,651	0.0102	0.9898	79.44
21.5	2,950,378	24,273	0.0082	0.9918	78.63
22.5	2,708,587	33,507	0.0124	0.9876	77.98
23.5	2,548,720	22,227	0.0087	0.9913	77.02
24.5	2,424,283	12,968	0.0053	0.9947	76.34
25.5	2,322,045	24,397	0.0105	0.9895	75.93
26.5	2,069,103	59,072	0.0285	0.9715	75.14
27.5	1,752,188	34,607	0.0198	0.9802	72.99
28.5	1,272,922	40,167	0.0316	0.9684	71.55
29.5	1,091,215	12,132	0.0111	0.9889	69.29
30.5	926,575	25,151	0.0271	0.9729	68.52
31.5	810,929	12,180	0.0150	0.9850	66.66
32.5	746,154	16,398	0.0220	0.9780	65.66
33.5	648,013	19,347	0.0299	0.9701	64.22
34.5	571,651	10,329	0.0181	0.9819	62.30
35.5	545,579	13,232	0.0243	0.9757	61.18
36.5	524,357	11,283	0.0215	0.9785	59.69
37.5	510,356	9,858	0.0193	0.9807	58.41
38.5	497,555	7,990	0.0161	0.9839	57.28

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 378 MEASURING AND REGULATING STATION EQUIPMENT - GENERAL

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1921-2015			EXPERIENCE BAND 1976-2015			
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL	
39.5	487,167	8,639	0.0177	0.9823	56.36	
40.5	465,251	11,861	0.0255	0.9745	55.36	
41.5	440,706	9,935	0.0225	0.9775	53.95	
42.5	393,033	9,795	0.0249	0.9751	52.73	
43.5	221,722	2,801	0.0126	0.9874	51.42	
44.5	161,135	1,728	0.0107	0.9893	50.77	
45.5	147,141	1,979	0.0134	0.9866	50.22	
46.5	132,342	2,377	0.0180	0.9820	49.55	
47.5	118,265	1,309	0.0111	0.9889	48.66	
48.5	111,554	1,481	0.0133	0.9867	48.12	
49.5	103,336	1,236	0.0120	0.9880	47.48	
50.5	94,561	980	0.0104	0.9896	46.91	
51.5	85,478	412	0.0048	0.9952	46.43	
52.5	79,442	847	0.0107	0.9893	46.20	
53.5	71,647	1,118	0.0156	0.9844	45.71	
54.5	64,059	1,718	0.0268	0.9732	45.00	
55.5	56,276	95	0.0017	0.9983	43.79	
56.5	51,144	413	0.0081	0.9919	43.72	
57.5	47,881	1,592	0.0332	0.9668	43.36	
58.5	43,074	333	0.0077	0.9923	41.92	
59.5	34,888	4,287	0.1229	0.8771	41.60	
60.5	23,070	212	0.0092	0.9908	36.49	
61.5	17,010	690	0.0405	0.9595	36.15	
62.5	14,016	158	0.0112	0.9888	34.68	
63.5	11,950	49	0.0041	0.9959	34.29	
64.5	9,828	67	0.0068	0.9932	34.15	
65.5	6,286	37	0.0059	0.9941	33.92	
66.5	5,383	179	0.0332	0.9668	33.72	
67.5	5,168	37	0.0071	0.9929	32.60	
68.5	5,096	142	0.0278	0.9722	32.37	
69.5	4,658	145	0.0311	0.9689	31.47	
70.5	4,513		0.0000	1.0000	30.49	
71.5	4,485	51	0.0114	0.9886	30.49	
72.5	4,433	12	0.0026	0.9974	30.14	
73.5	4,422	176	0.0398	0.9602	30.06	
74.5	2,985	20	0.0068	0.9932	28.86	
75.5	2,519	9	0.0037	0.9963	28.67	
76.5	2,300		0.0000	1.0000	28.56	
77.5	2,100		0.0000	1.0000	28.56	
78.5	2,062	48	0.0233	0.9767	28.56	

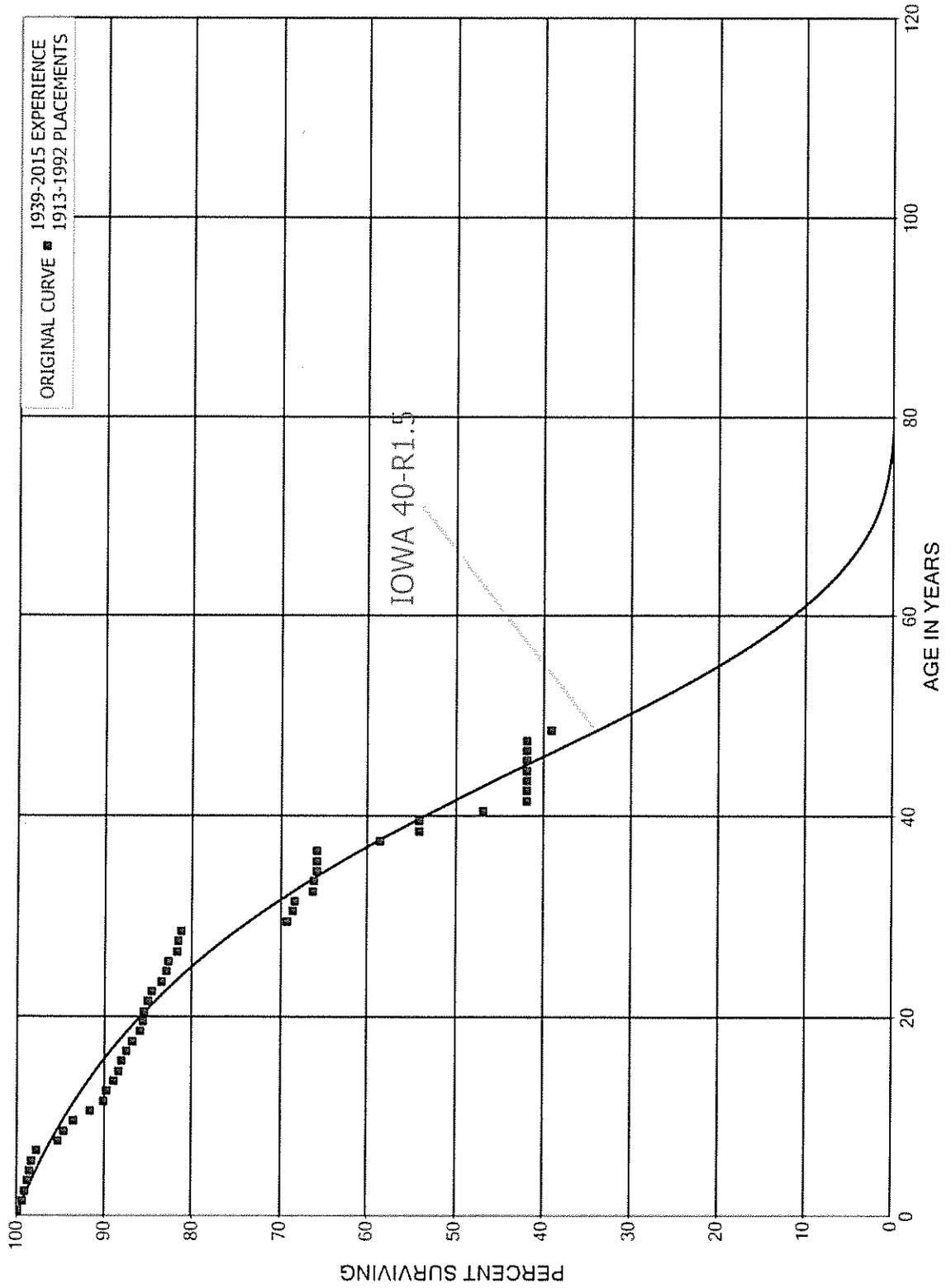
COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 378 MEASURING AND REGULATING STATION EQUIPMENT - GENERAL

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1921-2015			EXPERIENCE BAND 1976-2015		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
79.5	2,014		0.0000	1.0000	27.90
80.5	2,014		0.0000	1.0000	27.90
81.5	2,014		0.0000	1.0000	27.90
82.5	1,440	74	0.0513	0.9487	27.90
83.5	1,366		0.0000	1.0000	26.47
84.5	1,366		0.0000	1.0000	26.47
85.5	1,366	92	0.0671	0.9329	26.47
86.5	985		0.0000	1.0000	24.69
87.5	310		0.0000	1.0000	24.69
88.5	310	228	0.7359	0.2641	24.69
89.5	82		0.0000	1.0000	6.52
90.5	82		0.0000	1.0000	6.52
91.5	82		0.0000	1.0000	6.52
92.5					6.52

COLUMBIA GAS OF KENTUCKY, INC.
 ACCOUNT 379.1 MEASURING AND REGULATING STATION EQUIPMENT - CITY GATE
 ORIGINAL AND SMOOTH SURVIVOR CURVES



COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 379.1 MEASURING AND REGULATING STATION EQUIPMENT - CITY GATE

ORIGINAL LIFE TABLE

PLACEMENT BAND 1913-1992			EXPERIENCE BAND 1939-2015			
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL	
0.0	374,646	564	0.0015	0.9985	100.00	
0.5	368,284	2,001	0.0054	0.9946	99.85	
1.5	362,492	691	0.0019	0.9981	99.31	
2.5	361,316	1,372	0.0038	0.9962	99.12	
3.5	328,969	918	0.0028	0.9972	98.74	
4.5	335,580	777	0.0023	0.9977	98.47	
5.5	335,645	1,748	0.0052	0.9948	98.24	
6.5	329,100	8,290	0.0252	0.9748	97.73	
7.5	309,365	1,993	0.0064	0.9936	95.26	
8.5	306,085	3,716	0.0121	0.9879	94.65	
9.5	305,336	6,195	0.0203	0.9797	93.50	
10.5	292,153	4,903	0.0168	0.9832	91.60	
11.5	287,243	1,063	0.0037	0.9963	90.07	
12.5	286,786	2,468	0.0086	0.9914	89.73	
13.5	284,442	1,920	0.0067	0.9933	88.96	
14.5	279,119	1,101	0.0039	0.9961	88.36	
15.5	278,580	1,454	0.0052	0.9948	88.01	
16.5	277,081	2,294	0.0083	0.9917	87.55	
17.5	274,997	2,811	0.0102	0.9898	86.83	
18.5	274,790	971	0.0035	0.9965	85.94	
19.5	274,154	336	0.0012	0.9988	85.64	
20.5	274,129	1,510	0.0055	0.9945	85.53	
21.5	272,949	1,294	0.0047	0.9953	85.06	
22.5	272,847	3,572	0.0131	0.9869	84.66	
23.5	267,105	1,967	0.0074	0.9926	83.55	
24.5	260,658	515	0.0020	0.9980	82.93	
25.5	259,765	3,338	0.0129	0.9871	82.77	
26.5	256,426	428	0.0017	0.9983	81.71	
27.5	256,047	878	0.0034	0.9966	81.57	
28.5	11,653	1,721	0.1477	0.8523	81.29	
29.5	9,918	99	0.0100	0.9900	69.29	
30.5	9,819	36	0.0036	0.9964	68.60	
31.5	9,784	298	0.0305	0.9695	68.35	
32.5	7,891	14	0.0017	0.9983	66.26	
33.5	1,585	8	0.0051	0.9949	66.15	
34.5	1,577		0.0000	1.0000	65.81	
35.5	1,577		0.0000	1.0000	65.81	
36.5	1,577	173	0.1097	0.8903	65.81	
37.5	1,404	105	0.0748	0.9252	58.59	
38.5	1,299		0.0000	1.0000	54.21	

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 379.1 MEASURING AND REGULATING STATION EQUIPMENT - CITY GATE

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1913-1992			EXPERIENCE BAND 1939-2015			
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL	
39.5	1,299	176	0.1351	0.8649	54.21	
40.5	1,124	120	0.1067	0.8933	46.88	
41.5	1,004		0.0000	1.0000	41.88	
42.5	1,004		0.0000	1.0000	41.88	
43.5	1,004		0.0000	1.0000	41.88	
44.5	1,004		0.0000	1.0000	41.88	
45.5	1,004		0.0000	1.0000	41.88	
46.5	1,004		0.0000	1.0000	41.88	
47.5	1,004	67	0.0672	0.9328	41.88	
48.5	936		0.0000	1.0000	39.07	
49.5	936	1	0.0007	0.9993	39.07	
50.5	413		0.0000	1.0000	39.04	
51.5	413		0.0000	1.0000	39.04	
52.5	413		0.0000	1.0000	39.04	
53.5	413		0.0000	1.0000	39.04	
54.5	413	6	0.0143	0.9857	39.04	
55.5	407		0.0000	1.0000	38.48	
56.5	407	30	0.0749	0.9251	38.48	
57.5	377		0.0000	1.0000	35.60	
58.5	377		0.0000	1.0000	35.60	
59.5	377		0.0000	1.0000	35.60	
60.5	377		0.0000	1.0000	35.60	
61.5	377		0.0000	1.0000	35.60	
62.5	377		0.0000	1.0000	35.60	
63.5	377		0.0000	1.0000	35.60	
64.5	377	92	0.2430	0.7570	35.60	
65.5	285		0.0000	1.0000	26.95	
66.5	285		0.0000	1.0000	26.95	
67.5	285		0.0000	1.0000	26.95	
68.5	285		0.0000	1.0000	26.95	
69.5	285		0.0000	1.0000	26.95	
70.5	285		0.0000	1.0000	26.95	
71.5	285		0.0000	1.0000	26.95	
72.5	285		0.0000	1.0000	26.95	
73.5	285		0.0000	1.0000	26.95	
74.5	285		0.0000	1.0000	26.95	
75.5	285		0.0000	1.0000	26.95	
76.5	285		0.0000	1.0000	26.95	
77.5	285		0.0000	1.0000	26.95	
78.5	285		0.0000	1.0000	26.95	

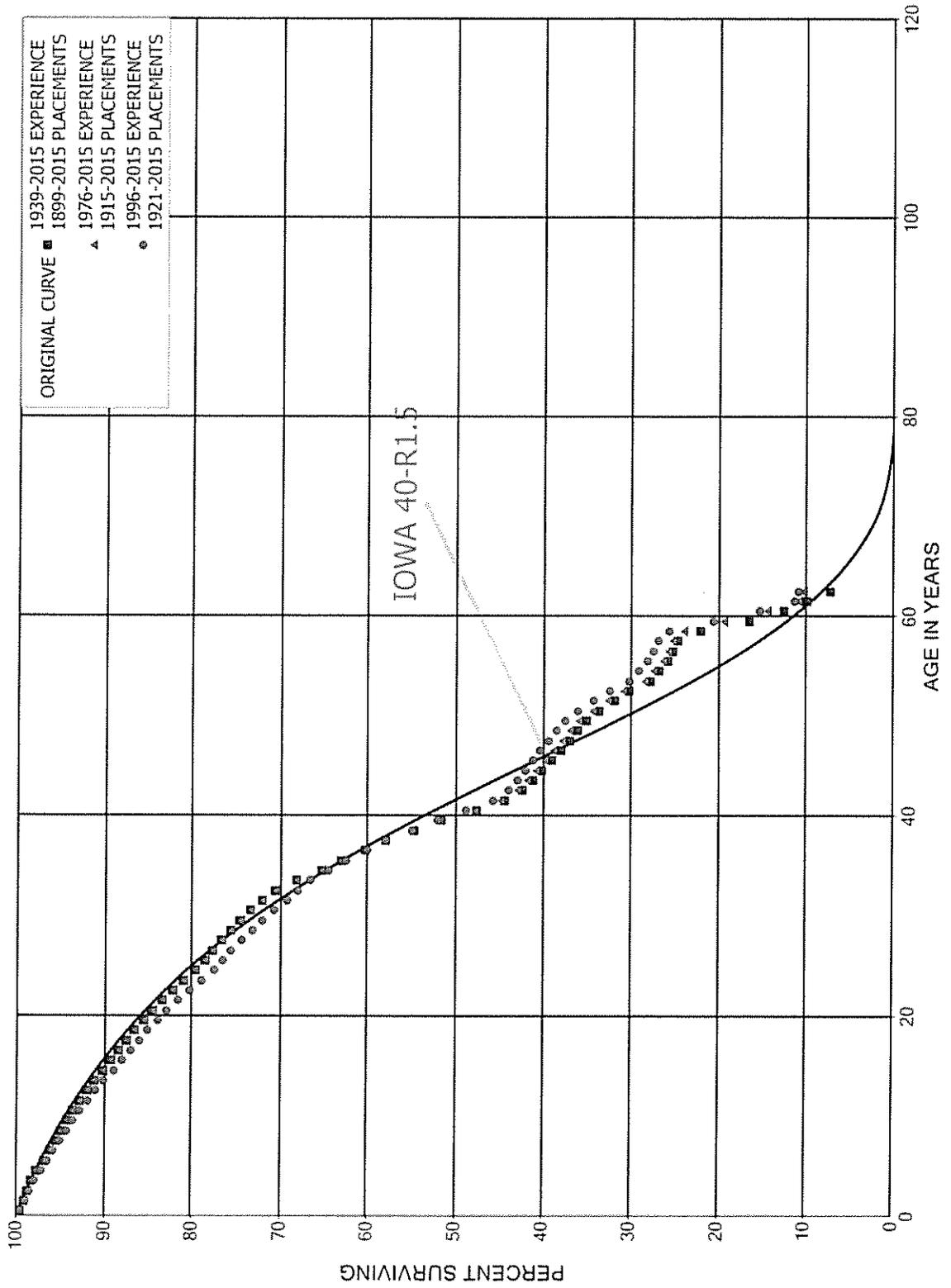
COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 379.1 MEASURING AND REGULATING STATION EQUIPMENT - CITY GATE

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1913-1992			EXPERIENCE BAND 1939-2015		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
79.5	190		0.0000	1.0000	26.95
80.5	21		0.0000	1.0000	26.95
81.5	21		0.0000	1.0000	26.95
82.5	21		0.0000	1.0000	26.95
83.5	21		0.0000	1.0000	26.95
84.5	21		0.0000	1.0000	26.95
85.5	21		0.0000	1.0000	26.95
86.5					26.95

COLUMBIA GAS OF KENTUCKY, INC.
 ACCOUNT 380 SERVICES
 ORIGINAL AND SMOOTH SURVIVOR CURVES



COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 380 SERVICES

ORIGINAL LIFE TABLE

PLACEMENT BAND 1899-2015

EXPERIENCE BAND 1939-2015

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	133,533,079	659,873	0.0049	0.9951	100.00
0.5	124,578,714	506,786	0.0041	0.9959	99.51
1.5	116,168,433	449,448	0.0039	0.9961	99.10
2.5	109,306,006	471,765	0.0043	0.9957	98.72
3.5	103,101,169	650,054	0.0063	0.9937	98.29
4.5	97,754,022	868,549	0.0089	0.9911	97.67
5.5	93,195,265	624,069	0.0067	0.9933	96.80
6.5	88,157,379	592,329	0.0067	0.9933	96.16
7.5	84,033,207	538,873	0.0064	0.9936	95.51
8.5	80,533,846	524,015	0.0065	0.9935	94.90
9.5	77,392,270	557,749	0.0072	0.9928	94.28
10.5	74,243,845	581,774	0.0078	0.9922	93.60
11.5	70,312,744	615,396	0.0088	0.9912	92.87
12.5	66,758,525	580,520	0.0087	0.9913	92.05
13.5	63,356,401	700,874	0.0111	0.9889	91.25
14.5	59,725,770	583,202	0.0098	0.9902	90.24
15.5	55,627,755	550,424	0.0099	0.9901	89.36
16.5	51,925,926	513,400	0.0099	0.9901	88.48
17.5	47,763,633	477,586	0.0100	0.9900	87.60
18.5	43,543,971	543,223	0.0125	0.9875	86.73
19.5	39,203,083	444,947	0.0113	0.9887	85.65
20.5	35,123,134	485,898	0.0138	0.9862	84.67
21.5	31,008,698	450,971	0.0145	0.9855	83.50
22.5	27,395,804	399,617	0.0146	0.9854	82.29
23.5	24,256,239	408,583	0.0168	0.9832	81.09
24.5	21,832,959	291,912	0.0134	0.9866	79.72
25.5	19,286,612	226,289	0.0117	0.9883	78.66
26.5	16,557,458	222,037	0.0134	0.9866	77.73
27.5	14,994,082	207,830	0.0139	0.9861	76.69
28.5	13,462,337	179,625	0.0133	0.9867	75.63
29.5	12,201,551	202,390	0.0166	0.9834	74.62
30.5	10,967,471	203,656	0.0186	0.9814	73.38
31.5	9,960,388	197,304	0.0198	0.9802	72.02
32.5	9,148,690	318,319	0.0348	0.9652	70.59
33.5	8,107,269	335,528	0.0414	0.9586	68.14
34.5	7,078,310	249,722	0.0353	0.9647	65.32
35.5	6,215,603	269,199	0.0433	0.9567	63.01
36.5	5,272,736	204,843	0.0388	0.9612	60.28
37.5	4,645,068	253,456	0.0546	0.9454	57.94
38.5	4,088,545	237,510	0.0581	0.9419	54.78

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 380 SERVICES

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1899-2015			EXPERIENCE BAND 1939-2015			
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL	
39.5	3,703,338	284,661	0.0769	0.9231	51.60	
40.5	3,344,048	230,924	0.0691	0.9309	47.63	
41.5	3,022,965	136,054	0.0450	0.9550	44.34	
42.5	2,797,195	75,816	0.0271	0.9729	42.35	
43.5	2,485,451	64,284	0.0259	0.9741	41.20	
44.5	2,264,001	62,004	0.0274	0.9726	40.13	
45.5	2,049,692	55,190	0.0269	0.9731	39.03	
46.5	1,851,902	49,571	0.0268	0.9732	37.98	
47.5	1,602,149	39,338	0.0246	0.9754	36.97	
48.5	1,427,213	37,503	0.0263	0.9737	36.06	
49.5	1,279,970	54,933	0.0429	0.9571	35.11	
50.5	1,066,405	55,794	0.0523	0.9477	33.60	
51.5	868,840	46,942	0.0540	0.9460	31.85	
52.5	722,389	56,268	0.0779	0.9221	30.13	
53.5	585,825	22,134	0.0378	0.9622	27.78	
54.5	482,755	18,784	0.0389	0.9611	26.73	
55.5	395,036	7,764	0.0197	0.9803	25.69	
56.5	306,930	6,586	0.0215	0.9785	25.18	
57.5	242,246	24,988	0.1032	0.8968	24.64	
58.5	159,311	40,121	0.2518	0.7482	22.10	
59.5	71,585	17,224	0.2406	0.7594	16.54	
60.5	35,899	7,855	0.2188	0.7812	12.56	
61.5	21,258	5,728	0.2695	0.7305	9.81	
62.5	15,379	12,804	0.8325	0.1675	7.17	
63.5	2,576	672	0.2607	0.7393	1.20	
64.5	1,904	919	0.4824	0.5176	0.89	
65.5	986	34	0.0341	0.9659	0.46	
66.5	806	210	0.2610	0.7390	0.44	
67.5	411	33	0.0800	0.9200	0.33	
68.5	378	33	0.0870	0.9130	0.30	
69.5	232	58	0.2488	0.7512	0.28	
70.5	111	25	0.2217	0.7783	0.21	
71.5	87	33	0.3798	0.6202	0.16	
72.5	54	16	0.3062	0.6938	0.10	
73.5	37	8	0.2205	0.7795	0.07	
74.5	29		0.0000	1.0000	0.05	
75.5	29	8	0.2829	0.7171	0.05	
76.5	21	8	0.3945	0.6055	0.04	
77.5	13	13	1.0000		0.02	
78.5						

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 380 SERVICES

ORIGINAL LIFE TABLE

PLACEMENT BAND 1915-2015			EXPERIENCE BAND 1976-2015			
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL	
0.0	127,430,682	658,358	0.0052	0.9948	100.00	
0.5	118,581,351	500,568	0.0042	0.9958	99.48	
1.5	110,321,786	442,978	0.0040	0.9960	99.06	
2.5	103,629,508	464,219	0.0045	0.9955	98.67	
3.5	97,876,445	642,578	0.0066	0.9934	98.22	
4.5	92,938,362	862,576	0.0093	0.9907	97.58	
5.5	88,733,503	617,558	0.0070	0.9930	96.67	
6.5	84,056,341	589,473	0.0070	0.9930	96.00	
7.5	80,282,391	530,266	0.0066	0.9934	95.33	
8.5	77,090,113	516,198	0.0067	0.9933	94.70	
9.5	74,150,204	553,423	0.0075	0.9925	94.06	
10.5	71,322,873	578,732	0.0081	0.9919	93.36	
11.5	67,683,870	607,731	0.0090	0.9910	92.60	
12.5	64,339,472	569,655	0.0089	0.9911	91.77	
13.5	61,152,989	690,960	0.0113	0.9887	90.96	
14.5	57,724,674	572,522	0.0099	0.9901	89.93	
15.5	53,828,081	540,229	0.0100	0.9900	89.04	
16.5	50,344,805	501,375	0.0100	0.9900	88.15	
17.5	46,343,999	469,457	0.0101	0.9899	87.27	
18.5	42,256,644	528,805	0.0125	0.9875	86.38	
19.5	38,103,075	434,011	0.0114	0.9886	85.30	
20.5	34,165,133	477,892	0.0140	0.9860	84.33	
21.5	30,151,042	440,219	0.0146	0.9854	83.15	
22.5	26,634,468	390,834	0.0147	0.9853	81.94	
23.5	23,579,172	401,023	0.0170	0.9830	80.74	
24.5	21,234,988	280,040	0.0132	0.9868	79.36	
25.5	18,770,138	216,990	0.0116	0.9884	78.32	
26.5	16,107,894	215,106	0.0134	0.9866	77.41	
27.5	14,597,151	197,127	0.0135	0.9865	76.38	
28.5	13,108,614	174,968	0.0133	0.9867	75.35	
29.5	11,876,718	191,696	0.0161	0.9839	74.34	
30.5	10,660,930	196,806	0.0185	0.9815	73.14	
31.5	9,666,077	186,714	0.0193	0.9807	71.79	
32.5	8,860,691	314,058	0.0354	0.9646	70.40	
33.5	7,830,509	323,245	0.0413	0.9587	67.91	
34.5	6,845,212	233,427	0.0341	0.9659	65.10	
35.5	6,020,712	259,010	0.0430	0.9570	62.88	
36.5	5,148,981	199,851	0.0388	0.9612	60.18	
37.5	4,525,745	244,979	0.0541	0.9459	57.84	
38.5	3,978,154	224,804	0.0565	0.9435	54.71	

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 380 SERVICES

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1915-2015			EXPERIENCE BAND 1976-2015		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
39.5	3,605,091	277,256	0.0769	0.9231	51.62
40.5	3,252,380	208,173	0.0640	0.9360	47.65
41.5	2,954,233	123,831	0.0419	0.9581	44.60
42.5	2,740,869	70,555	0.0257	0.9743	42.73
43.5	2,434,630	58,860	0.0242	0.9758	41.63
44.5	2,218,863	53,170	0.0240	0.9760	40.62
45.5	2,013,822	52,259	0.0260	0.9740	39.65
46.5	1,819,070	48,663	0.0268	0.9732	38.62
47.5	1,570,225	36,979	0.0236	0.9764	37.59
48.5	1,378,017	36,513	0.0265	0.9735	36.70
49.5	1,246,874	54,672	0.0438	0.9562	35.73
50.5	1,037,035	53,637	0.0517	0.9483	34.16
51.5	841,734	46,395	0.0551	0.9449	32.40
52.5	695,938	54,419	0.0782	0.9218	30.61
53.5	550,454	20,853	0.0379	0.9621	28.22
54.5	448,739	18,060	0.0402	0.9598	27.15
55.5	361,975	7,681	0.0212	0.9788	26.06
56.5	274,018	6,547	0.0239	0.9761	25.50
57.5	209,405	9,744	0.0465	0.9535	24.89
58.5	141,714	27,543	0.1944	0.8056	23.74
59.5	66,579	17,224	0.2587	0.7413	19.12
60.5	30,942	7,833	0.2532	0.7468	14.18
61.5	16,322	793	0.0486	0.9514	10.59
62.5	15,379	12,804	0.8325	0.1675	10.07
63.5	2,576	672	0.2607	0.7393	1.69
64.5	1,904	919	0.4824	0.5176	1.25
65.5	986	34	0.0341	0.9659	0.65
66.5	806	210	0.2610	0.7390	0.62
67.5	411	33	0.0800	0.9200	0.46
68.5	378	33	0.0870	0.9130	0.42
69.5	232	58	0.2488	0.7512	0.39
70.5	111	25	0.2217	0.7783	0.29
71.5	87	33	0.3798	0.6202	0.23
72.5	54	16	0.3062	0.6938	0.14
73.5	37	8	0.2205	0.7795	0.10
74.5	29		0.0000	1.0000	0.08
75.5	29	8	0.2829	0.7171	0.08
76.5	21	8	0.3945	0.6055	0.05
77.5	13	13	1.0000		0.03
78.5					

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 380 SERVICES

ORIGINAL LIFE TABLE

PLACEMENT BAND 1921-2015			EXPERIENCE BAND 1996-2015			
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL	
0.0	88,284,746	466,853	0.0053	0.9947	100.00	
0.5	83,768,310	451,111	0.0054	0.9946	99.47	
1.5	79,676,014	375,680	0.0047	0.9953	98.94	
2.5	76,659,450	423,555	0.0055	0.9945	98.47	
3.5	73,841,496	536,066	0.0073	0.9927	97.92	
4.5	71,652,674	504,363	0.0070	0.9930	97.21	
5.5	70,816,832	544,430	0.0077	0.9923	96.53	
6.5	69,266,815	552,766	0.0080	0.9920	95.79	
7.5	66,809,274	506,393	0.0076	0.9924	95.02	
8.5	64,936,687	488,406	0.0075	0.9925	94.30	
9.5	63,116,263	522,783	0.0083	0.9917	93.59	
10.5	61,285,483	552,734	0.0090	0.9910	92.82	
11.5	58,385,962	597,658	0.0102	0.9898	91.98	
12.5	55,612,654	547,831	0.0099	0.9901	91.04	
13.5	53,147,315	675,717	0.0127	0.9873	90.14	
14.5	50,496,095	550,718	0.0109	0.9891	89.00	
15.5	47,254,868	520,743	0.0110	0.9890	88.03	
16.5	44,456,502	485,984	0.0109	0.9891	87.06	
17.5	40,861,164	456,245	0.0112	0.9888	86.10	
18.5	37,062,985	512,394	0.0138	0.9862	85.14	
19.5	32,966,503	413,417	0.0125	0.9875	83.97	
20.5	29,040,897	461,481	0.0159	0.9841	82.91	
21.5	25,110,833	414,764	0.0165	0.9835	81.60	
22.5	21,719,118	353,638	0.0163	0.9837	80.25	
23.5	19,074,202	342,613	0.0180	0.9820	78.94	
24.5	17,087,068	213,603	0.0125	0.9875	77.52	
25.5	14,914,501	186,844	0.0125	0.9875	76.55	
26.5	12,469,643	197,031	0.0158	0.9842	75.60	
27.5	11,289,560	178,211	0.0158	0.9842	74.40	
28.5	10,083,660	156,025	0.0155	0.9845	73.23	
29.5	9,085,189	171,313	0.0189	0.9811	72.09	
30.5	8,208,270	164,984	0.0201	0.9799	70.73	
31.5	7,531,214	133,132	0.0177	0.9823	69.31	
32.5	6,989,642	154,921	0.0222	0.9778	68.09	
33.5	6,304,475	200,810	0.0319	0.9681	66.58	
34.5	5,551,116	168,204	0.0303	0.9697	64.46	
35.5	4,894,973	192,103	0.0392	0.9608	62.50	
36.5	4,176,316	146,583	0.0351	0.9649	60.05	
37.5	3,708,742	188,440	0.0508	0.9492	57.94	
38.5	3,315,643	174,765	0.0527	0.9473	55.00	

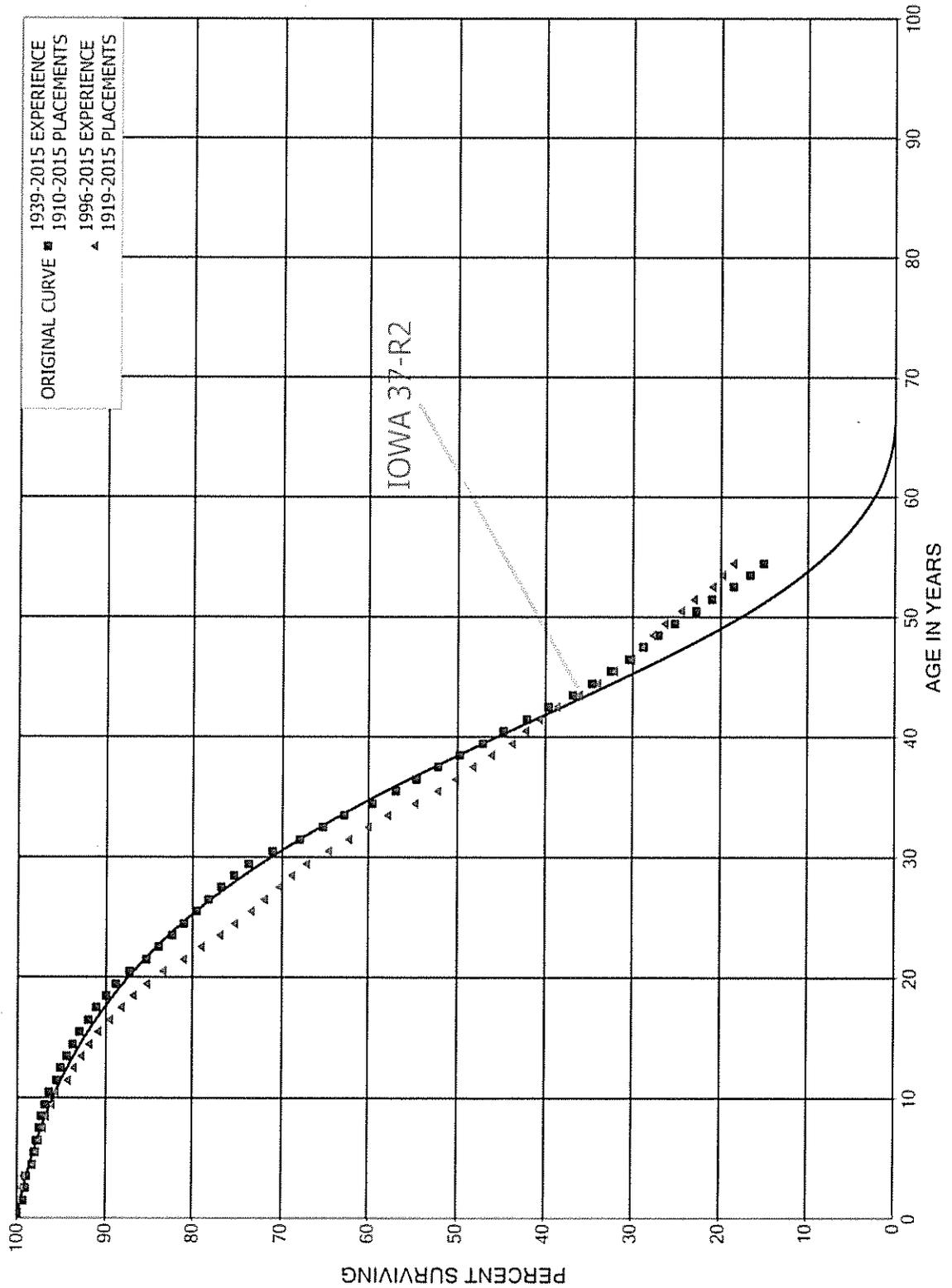
COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 380 SERVICES

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1921-2015			EXPERIENCE BAND 1996-2015			
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL	
39.5	3,108,834	196,500	0.0632	0.9368	52.10	
40.5	2,913,105	181,778	0.0624	0.9376	48.81	
41.5	2,691,186	103,864	0.0386	0.9614	45.76	
42.5	2,537,085	58,158	0.0229	0.9771	44.00	
43.5	2,276,968	48,710	0.0214	0.9786	42.99	
44.5	2,106,381	44,903	0.0213	0.9787	42.07	
45.5	1,945,813	37,084	0.0191	0.9809	41.17	
46.5	1,787,846	43,279	0.0242	0.9758	40.39	
47.5	1,552,053	35,503	0.0229	0.9771	39.41	
48.5	1,363,404	35,797	0.0263	0.9737	38.51	
49.5	1,220,684	47,339	0.0388	0.9612	37.50	
50.5	1,015,236	49,805	0.0491	0.9509	36.04	
51.5	824,372	45,514	0.0552	0.9448	34.27	
52.5	679,440	45,398	0.0668	0.9332	32.38	
53.5	543,072	19,813	0.0365	0.9635	30.22	
54.5	443,329	16,789	0.0379	0.9621	29.12	
55.5	358,422	7,222	0.0201	0.9799	28.01	
56.5	272,994	6,440	0.0236	0.9764	27.45	
57.5	208,491	9,588	0.0460	0.9540	26.80	
58.5	140,957	27,461	0.1948	0.8052	25.57	
59.5	65,908	17,150	0.2602	0.7398	20.59	
60.5	30,295	7,792	0.2572	0.7428	15.23	
61.5	15,717	628	0.0400	0.9600	11.31	
62.5	14,939	12,730	0.8521	0.1479	10.86	
63.5	2,209	565	0.2556	0.7444	1.61	
64.5	1,645	919	0.5586	0.4414	1.20	
65.5	726	25	0.0350	0.9650	0.53	
66.5	579	194	0.3348	0.6652	0.51	
67.5	201	16	0.0818	0.9182	0.34	
68.5	193	8	0.0427	0.9573	0.31	
69.5	71	8	0.1164	0.8836	0.30	
70.5					0.26	
71.5						
72.5						
73.5						
74.5	16		0.0000			
75.5	16	8	0.5000			
76.5	8	8	1.0000			
77.5						

COLUMBIA GAS OF KENTUCKY, INC.
 ACCOUNT 381 METERS
 ORIGINAL AND SMOOTH SURVIVOR CURVES



COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 381 METERS

ORIGINAL LIFE TABLE

PLACEMENT BAND 1910-2015			EXPERIENCE BAND 1939-2015			
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL	
0.0	18,112,832	13,669	0.0008	0.9992	100.00	
0.5	17,388,989	102,394	0.0059	0.9941	99.92	
1.5	16,863,603	42,818	0.0025	0.9975	99.34	
2.5	16,462,971	31,860	0.0019	0.9981	99.08	
3.5	15,995,455	92,207	0.0058	0.9942	98.89	
4.5	15,628,540	37,555	0.0024	0.9976	98.32	
5.5	15,305,026	44,378	0.0029	0.9971	98.09	
6.5	14,688,843	43,818	0.0030	0.9970	97.80	
7.5	14,297,923	37,322	0.0026	0.9974	97.51	
8.5	13,828,241	66,267	0.0048	0.9952	97.26	
9.5	13,469,545	54,520	0.0040	0.9960	96.79	
10.5	12,846,068	116,611	0.0091	0.9909	96.40	
11.5	11,948,872	55,202	0.0046	0.9954	95.52	
12.5	11,471,888	88,461	0.0077	0.9923	95.08	
13.5	11,239,440	78,506	0.0070	0.9930	94.35	
14.5	10,963,199	80,330	0.0073	0.9927	93.69	
15.5	10,883,697	118,271	0.0109	0.9891	93.00	
16.5	10,496,588	109,145	0.0104	0.9896	91.99	
17.5	9,832,137	115,313	0.0117	0.9883	91.04	
18.5	9,713,225	126,840	0.0131	0.9869	89.97	
19.5	9,062,338	153,774	0.0170	0.9830	88.79	
20.5	8,888,727	187,790	0.0211	0.9789	87.29	
21.5	8,296,658	149,204	0.0180	0.9820	85.44	
22.5	7,989,944	143,137	0.0179	0.9821	83.91	
23.5	7,632,360	126,198	0.0165	0.9835	82.40	
24.5	7,241,171	126,125	0.0174	0.9826	81.04	
25.5	6,881,287	117,809	0.0171	0.9829	79.63	
26.5	6,503,564	118,999	0.0183	0.9817	78.26	
27.5	6,122,636	112,124	0.0183	0.9817	76.83	
28.5	5,838,153	135,386	0.0232	0.9768	75.43	
29.5	5,435,404	195,440	0.0360	0.9640	73.68	
30.5	4,983,648	212,338	0.0426	0.9574	71.03	
31.5	4,646,141	183,108	0.0394	0.9606	68.00	
32.5	4,348,171	168,982	0.0389	0.9611	65.32	
33.5	3,954,595	199,580	0.0505	0.9495	62.78	
34.5	3,549,997	160,378	0.0452	0.9548	59.61	
35.5	3,170,454	129,120	0.0407	0.9593	56.92	
36.5	2,882,585	130,508	0.0453	0.9547	54.60	
37.5	2,781,158	125,845	0.0452	0.9548	52.13	
38.5	2,640,746	141,037	0.0534	0.9466	49.77	

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 381 METERS

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1910-2015			EXPERIENCE BAND 1939-2015			
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL	
39.5	2,490,477	123,498	0.0496	0.9504	47.11	
40.5	2,329,408	138,522	0.0595	0.9405	44.78	
41.5	2,154,986	127,135	0.0590	0.9410	42.11	
42.5	1,974,263	138,990	0.0704	0.9296	39.63	
43.5	1,731,882	103,853	0.0600	0.9400	36.84	
44.5	1,518,152	92,003	0.0606	0.9394	34.63	
45.5	1,313,664	84,967	0.0647	0.9353	32.53	
46.5	1,173,730	65,904	0.0561	0.9439	30.43	
47.5	1,042,587	59,988	0.0575	0.9425	28.72	
48.5	895,406	61,882	0.0691	0.9309	27.07	
49.5	770,698	74,291	0.0964	0.9036	25.20	
50.5	613,090	49,499	0.0807	0.9193	22.77	
51.5	523,860	59,613	0.1138	0.8862	20.93	
52.5	444,371	45,345	0.1020	0.8980	18.55	
53.5	367,728	35,955	0.0978	0.9022	16.66	
54.5	309,189	25,640	0.0829	0.9171	15.03	
55.5	235,901	14,484	0.0614	0.9386	13.78	
56.5	164,099	14,448	0.0880	0.9120	12.93	
57.5	137,472	20,581	0.1497	0.8503	11.80	
58.5	104,084	8,988	0.0864	0.9136	10.03	
59.5	81,685	5,213	0.0638	0.9362	9.16	
60.5	73,632	3,846	0.0522	0.9478	8.58	
61.5	54,057	9,368	0.1733	0.8267	8.13	
62.5	40,441	3,857	0.0954	0.9046	6.72	
63.5	33,066	1,242	0.0376	0.9624	6.08	
64.5	28,398	1,918	0.0675	0.9325	5.85	
65.5	20,870	273	0.0131	0.9869	5.46	
66.5	17,762	684	0.0385	0.9615	5.39	
67.5	12,532	66	0.0053	0.9947	5.18	
68.5	8,185		0.0000	1.0000	5.15	
69.5	7,448		0.0000	1.0000	5.15	
70.5	7,110	427	0.0601	0.9399	5.15	
71.5	6,648		0.0000	1.0000	4.84	
72.5	6,579	483	0.0734	0.9266	4.84	
73.5	5,832	801	0.1373	0.8627	4.49	
74.5	3,973		0.0000	1.0000	3.87	
75.5	3,959		0.0000	1.0000	3.87	
76.5	3,795		0.0000	1.0000	3.87	
77.5	3,795	1,405	0.3702	0.6298	3.87	
78.5	2,390	174	0.0729	0.9271	2.44	

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 381 METERS

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1910-2015			EXPERIENCE BAND 1939-2015		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
79.5	2,216		0.0000	1.0000	2.26
80.5	2,216		0.0000	1.0000	2.26
81.5	2,216	405	0.1829	0.8171	2.26
82.5	1,810	1,789	0.9881	0.0119	1.85
83.5	22		0.0000	1.0000	0.02
84.5	22		0.0000	1.0000	0.02
85.5					0.02

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 381 METERS

ORIGINAL LIFE TABLE

PLACEMENT BAND 1919-2015

EXPERIENCE BAND 1996-2015

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	8,792,398	7,105	0.0008	0.9992	100.00
0.5	7,939,097	8,701	0.0011	0.9989	99.92
1.5	7,984,494	31,653	0.0040	0.9960	99.81
2.5	7,833,704	19,297	0.0025	0.9975	99.41
3.5	7,685,111	85,445	0.0111	0.9889	99.17
4.5	7,690,696	24,787	0.0032	0.9968	98.07
5.5	7,760,596	30,654	0.0040	0.9960	97.75
6.5	7,534,135	27,933	0.0037	0.9963	97.36
7.5	7,535,844	28,008	0.0037	0.9963	97.00
8.5	7,394,751	49,546	0.0067	0.9933	96.64
9.5	7,390,601	39,889	0.0054	0.9946	96.00
10.5	7,061,921	97,911	0.0139	0.9861	95.48
11.5	6,354,535	40,165	0.0063	0.9937	94.15
12.5	6,055,984	58,603	0.0097	0.9903	93.56
13.5	6,145,114	58,883	0.0096	0.9904	92.65
14.5	6,123,291	68,036	0.0111	0.9889	91.77
15.5	6,387,073	96,802	0.0152	0.9848	90.75
16.5	6,243,088	88,994	0.0143	0.9857	89.37
17.5	5,645,270	90,590	0.0160	0.9840	88.10
18.5	5,567,223	100,068	0.0180	0.9820	86.68
19.5	4,940,274	105,868	0.0214	0.9786	85.12
20.5	4,857,171	135,953	0.0280	0.9720	83.30
21.5	4,353,531	106,968	0.0246	0.9754	80.97
22.5	4,151,340	111,752	0.0269	0.9731	78.98
23.5	4,009,573	89,827	0.0224	0.9776	76.85
24.5	3,835,368	94,245	0.0246	0.9754	75.13
25.5	3,726,489	71,577	0.0192	0.9808	73.29
26.5	3,601,257	82,628	0.0229	0.9771	71.88
27.5	3,448,530	72,360	0.0210	0.9790	70.23
28.5	3,333,119	83,855	0.0252	0.9748	68.75
29.5	3,129,837	115,934	0.0370	0.9630	67.03
30.5	2,936,773	109,676	0.0373	0.9627	64.54
31.5	2,845,309	99,746	0.0351	0.9649	62.13
32.5	2,727,506	99,768	0.0366	0.9634	59.95
33.5	2,492,852	133,861	0.0537	0.9463	57.76
34.5	2,202,222	105,179	0.0478	0.9522	54.66
35.5	1,969,564	75,346	0.0383	0.9617	52.05
36.5	1,888,393	77,212	0.0409	0.9591	50.06
37.5	1,902,022	79,976	0.0420	0.9580	48.01
38.5	1,869,105	95,477	0.0511	0.9489	45.99

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 381 METERS

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1919-2015			EXPERIENCE BAND 1996-2015			
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL	
39.5	1,781,928	64,370	0.0361	0.9639	43.64	
40.5	1,691,337	63,401	0.0375	0.9625	42.07	
41.5	1,611,743	77,375	0.0480	0.9520	40.49	
42.5	1,486,637	100,351	0.0675	0.9325	38.55	
43.5	1,288,857	74,723	0.0580	0.9420	35.94	
44.5	1,110,932	64,310	0.0579	0.9421	33.86	
45.5	946,387	56,356	0.0595	0.9405	31.90	
46.5	840,779	37,032	0.0440	0.9560	30.00	
47.5	746,221	29,839	0.0400	0.9600	28.68	
48.5	636,219	30,311	0.0476	0.9524	27.53	
49.5	543,978	40,297	0.0741	0.9259	26.22	
50.5	420,829	24,318	0.0578	0.9422	24.28	
51.5	356,354	33,675	0.0945	0.9055	22.88	
52.5	302,905	15,660	0.0517	0.9483	20.71	
53.5	256,410	16,761	0.0654	0.9346	19.64	
54.5	219,034	9,797	0.0447	0.9553	18.36	
55.5	161,639	5,650	0.0350	0.9650	17.54	
56.5	100,578	1,925	0.0191	0.9809	16.92	
57.5	86,649	1,856	0.0214	0.9786	16.60	
58.5	73,527	1,176	0.0160	0.9840	16.24	
59.5	59,185	164	0.0028	0.9972	15.99	
60.5	56,265	1,158	0.0206	0.9794	15.94	
61.5	39,377	2,223	0.0565	0.9435	15.61	
62.5	32,906	3,348	0.1018	0.8982	14.73	
63.5	26,040	718	0.0276	0.9724	13.23	
64.5	21,943	1,541	0.0702	0.9298	12.87	
65.5	15,357	245	0.0159	0.9841	11.96	
66.5	12,423	94	0.0076	0.9924	11.77	
67.5	8,584	66	0.0077	0.9923	11.68	
68.5	4,238		0.0000	1.0000	11.59	
69.5	3,501		0.0000	1.0000	11.59	
70.5	3,162	427	0.1351	0.8649	11.59	
71.5	4,105		0.0000	1.0000	10.03	
72.5	4,036	309	0.0765	0.9235	10.03	
73.5	3,464	801	0.2313	0.7687	9.26	
74.5	1,835		0.0000	1.0000	7.12	
75.5	1,822		0.0000	1.0000	7.12	
76.5	3,795		0.0000	1.0000	7.12	
77.5	3,795	1,405	0.3702	0.6298	7.12	
78.5	2,390	174	0.0729	0.9271	4.48	

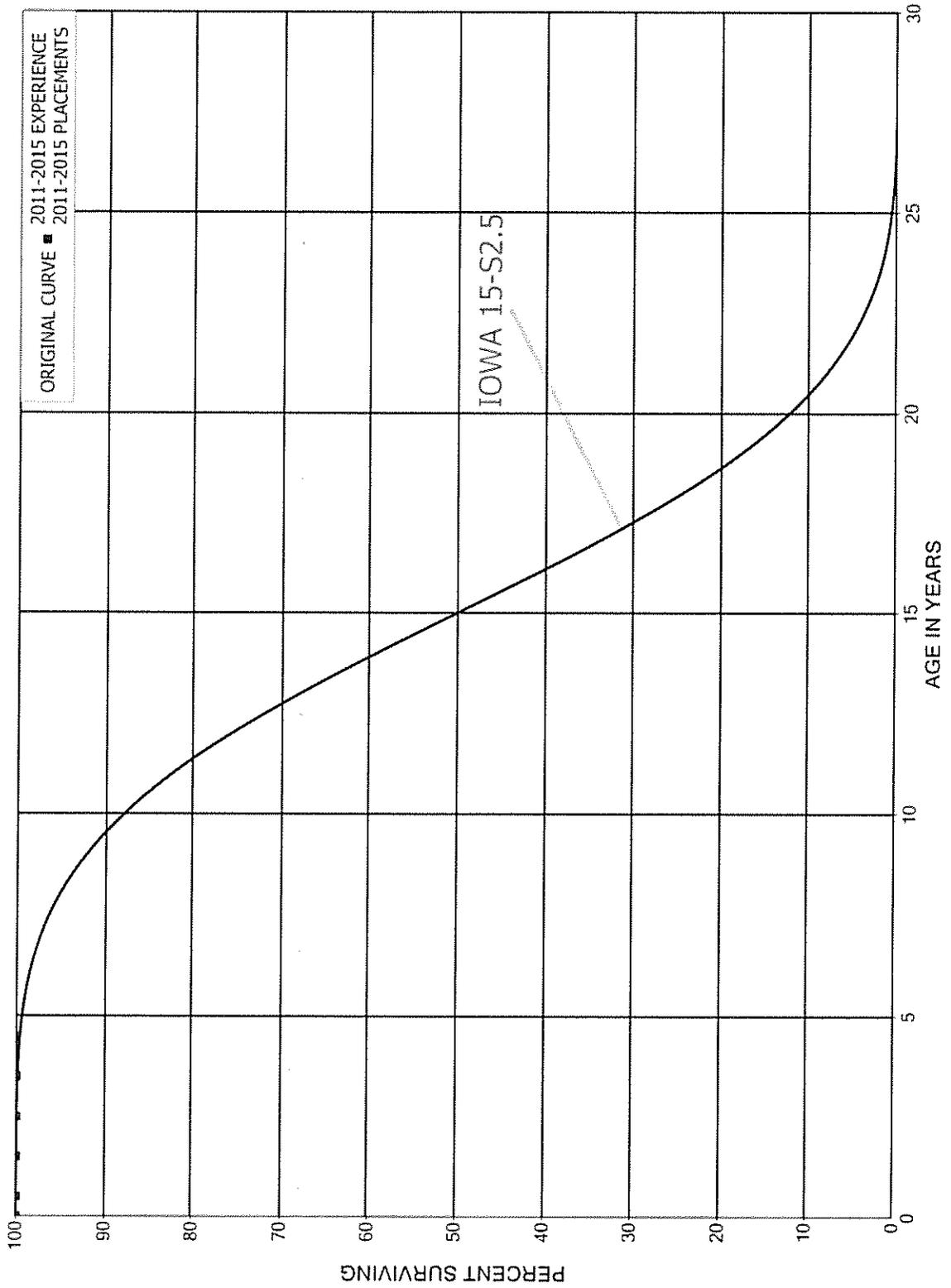
COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 381 METERS

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1919-2015			EXPERIENCE BAND 1996-2015		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
79.5	2,216		0.0000	1.0000	4.16
80.5	2,216		0.0000	1.0000	4.16
81.5	2,216	405	0.1829	0.8171	4.16
82.5	1,810	1,789	0.9881	0.0119	3.40
83.5	22		0.0000	1.0000	0.04
84.5	22		0.0000	1.0000	0.04
85.5					0.04

COLUMBIA GAS OF KENTUCKY, INC.
 ACCOUNT 381.1 METERS - AMI
 ORIGINAL AND SMOOTH SURVIVOR CURVES



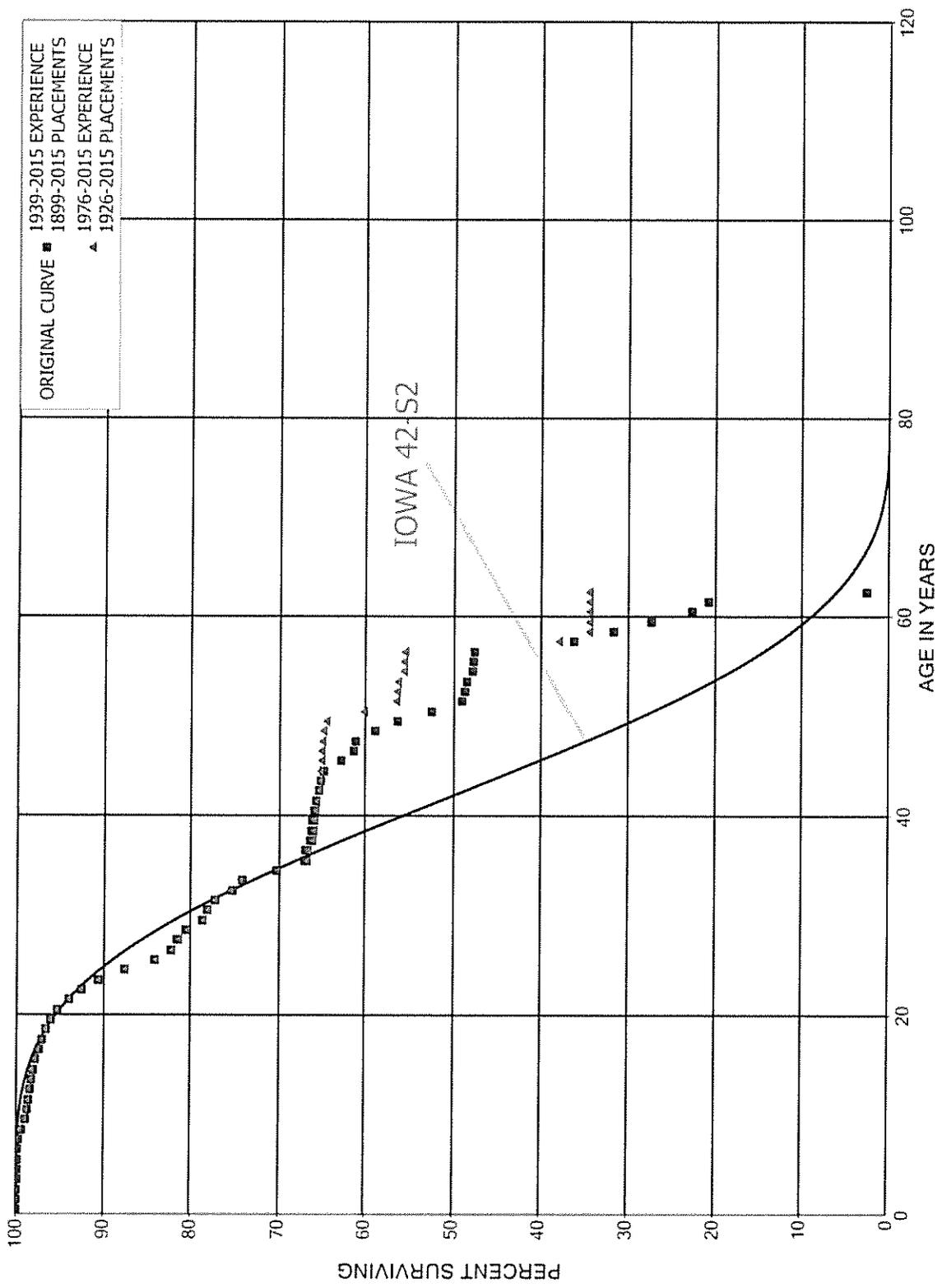
COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 381.1 METERS - AMI

ORIGINAL LIFE TABLE

PLACEMENT BAND 2011-2015			EXPERIENCE BAND 2011-2015		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	8,705,079		0.0000	1.0000	100.00
0.5	7,850,368		0.0000	1.0000	100.00
1.5	1,057,236		0.0000	1.0000	100.00
2.5	682,384		0.0000	1.0000	100.00
3.5	319,312		0.0000	1.0000	100.00
4.5					100.00

COLUMBIA GAS OF KENTUCKY, INC.
 ACCOUNT 382 METER INSTALLATIONS
 ORIGINAL AND SMOOTH SURVIVOR CURVES



COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 382 METER INSTALLATIONS

ORIGINAL LIFE TABLE

PLACEMENT BAND 1899-2015			EXPERIENCE BAND 1939-2015			
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL	
0.0	9,977,228	116	0.0000	1.0000	100.00	
0.5	9,471,215	76	0.0000	1.0000	100.00	
1.5	9,303,946	5,067	0.0005	0.9995	100.00	
2.5	9,139,178	5,567	0.0006	0.9994	99.94	
3.5	8,955,221	1,402	0.0002	0.9998	99.88	
4.5	8,830,436	426	0.0000	1.0000	99.87	
5.5	8,677,235	1,052	0.0001	0.9999	99.86	
6.5	8,531,138	6,583	0.0008	0.9992	99.85	
7.5	8,376,945	31,963	0.0038	0.9962	99.77	
8.5	8,113,801	39,812	0.0049	0.9951	99.39	
9.5	7,801,556	13,705	0.0018	0.9982	98.90	
10.5	7,662,728	10,191	0.0013	0.9987	98.73	
11.5	7,403,305	14,913	0.0020	0.9980	98.60	
12.5	7,120,004	10,620	0.0015	0.9985	98.40	
13.5	6,876,224	11,756	0.0017	0.9983	98.25	
14.5	6,638,664	20,155	0.0030	0.9970	98.09	
15.5	6,306,766	24,648	0.0039	0.9961	97.79	
16.5	6,020,805	22,647	0.0038	0.9962	97.41	
17.5	5,621,425	25,300	0.0045	0.9955	97.04	
18.5	5,365,709	31,975	0.0060	0.9940	96.60	
19.5	4,882,598	37,561	0.0077	0.9923	96.03	
20.5	4,461,361	60,898	0.0137	0.9863	95.29	
21.5	4,043,916	63,420	0.0157	0.9843	93.99	
22.5	3,623,626	73,789	0.0204	0.9796	92.51	
23.5	3,179,092	107,358	0.0338	0.9662	90.63	
24.5	2,750,685	107,123	0.0389	0.9611	87.57	
25.5	2,314,835	50,746	0.0219	0.9781	84.16	
26.5	1,952,212	17,262	0.0088	0.9912	82.31	
27.5	1,690,727	20,219	0.0120	0.9880	81.59	
28.5	1,422,661	33,643	0.0236	0.9764	80.61	
29.5	1,257,393	8,975	0.0071	0.9929	78.70	
30.5	1,160,175	11,921	0.0103	0.9897	78.14	
31.5	1,077,033	28,841	0.0268	0.9732	77.34	
32.5	986,334	14,211	0.0144	0.9856	75.27	
33.5	897,149	47,522	0.0530	0.9470	74.18	
34.5	785,426	35,826	0.0456	0.9544	70.25	
35.5	712,411	1,673	0.0023	0.9977	67.05	
36.5	679,651	5,571	0.0082	0.9918	66.89	
37.5	653,324	762	0.0012	0.9988	66.34	
38.5	633,609	1,138	0.0018	0.9982	66.27	

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 382 METER INSTALLATIONS

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1899-2015			EXPERIENCE BAND 1939-2015			
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL	
39.5	619,237	1,710	0.0028	0.9972	66.15	
40.5	608,584	2,379	0.0039	0.9961	65.97	
41.5	601,997	2,691	0.0045	0.9955	65.71	
42.5	557,256	1,973	0.0035	0.9965	65.41	
43.5	456,404	2,734	0.0060	0.9940	65.18	
44.5	385,132	11,839	0.0307	0.9693	64.79	
45.5	313,240	6,934	0.0221	0.9779	62.80	
46.5	242,123	1,045	0.0043	0.9957	61.41	
47.5	187,334	6,853	0.0366	0.9634	61.14	
48.5	150,395	6,556	0.0436	0.9564	58.91	
49.5	118,068	7,988	0.0677	0.9323	56.34	
50.5	79,913	5,288	0.0662	0.9338	52.53	
51.5	53,060	316	0.0059	0.9941	49.05	
52.5	39,972	169	0.0042	0.9958	48.76	
53.5	28,821	439	0.0152	0.9848	48.55	
54.5	18,445	23	0.0012	0.9988	47.82	
55.5	5,780	16	0.0028	0.9972	47.76	
56.5	1,071	256	0.2393	0.7607	47.62	
57.5	815	104	0.1276	0.8724	36.22	
58.5	649	88	0.1356	0.8644	31.60	
59.5	560	96	0.1715	0.8285	27.32	
60.5	453	39	0.0861	0.9139	22.63	
61.5	414	365	0.8813	0.1187	20.68	
62.5	49		0.0000	1.0000	2.45	
63.5	43		0.0000	1.0000	2.45	
64.5	43		0.0000	1.0000	2.45	
65.5	43		0.0000	1.0000	2.45	
66.5	43		0.0000	1.0000	2.45	
67.5	43	43	1.0000		2.45	
68.5						

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 382 METER INSTALLATIONS

ORIGINAL LIFE TABLE

PLACEMENT BAND 1926-2015			EXPERIENCE BAND 1976-2015			
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL	
0.0	9,248,701	116	0.0000	1.0000	100.00	
0.5	8,774,566	76	0.0000	1.0000	100.00	
1.5	8,638,220	414	0.0000	1.0000	100.00	
2.5	8,518,937	91	0.0000	1.0000	99.99	
3.5	8,439,601	1,402	0.0002	0.9998	99.99	
4.5	8,384,040	426	0.0001	0.9999	99.98	
5.5	8,292,126	1,052	0.0001	0.9999	99.97	
6.5	8,221,588	6,575	0.0008	0.9992	99.96	
7.5	8,120,686	31,963	0.0039	0.9961	99.88	
8.5	7,887,806	39,804	0.0050	0.9950	99.48	
9.5	7,601,137	13,697	0.0018	0.9982	98.98	
10.5	7,492,607	10,177	0.0014	0.9986	98.80	
11.5	7,254,741	14,904	0.0021	0.9979	98.67	
12.5	6,983,600	10,610	0.0015	0.9985	98.47	
13.5	6,749,619	11,754	0.0017	0.9983	98.32	
14.5	6,521,098	20,144	0.0031	0.9969	98.15	
15.5	6,201,265	24,648	0.0040	0.9960	97.84	
16.5	5,927,874	22,623	0.0038	0.9962	97.45	
17.5	5,538,651	25,291	0.0046	0.9954	97.08	
18.5	5,295,528	31,941	0.0060	0.9940	96.64	
19.5	4,819,100	37,557	0.0078	0.9922	96.06	
20.5	4,406,758	60,893	0.0138	0.9862	95.31	
21.5	3,953,906	63,407	0.0160	0.9840	93.99	
22.5	3,539,842	73,772	0.0208	0.9792	92.48	
23.5	3,101,260	107,322	0.0346	0.9654	90.56	
24.5	2,678,554	107,067	0.0400	0.9600	87.42	
25.5	2,233,544	50,655	0.0227	0.9773	83.93	
26.5	1,879,920	17,034	0.0091	0.9909	82.02	
27.5	1,620,781	20,137	0.0124	0.9876	81.28	
28.5	1,354,539	29,043	0.0214	0.9786	80.27	
29.5	1,194,872	8,306	0.0070	0.9930	78.55	
30.5	1,098,843	11,723	0.0107	0.9893	78.00	
31.5	1,016,163	23,866	0.0235	0.9765	77.17	
32.5	929,801	13,820	0.0149	0.9851	75.36	
33.5	841,393	47,390	0.0563	0.9437	74.24	
34.5	733,922	35,794	0.0488	0.9512	70.06	
35.5	660,720	1,658	0.0025	0.9975	66.64	
36.5	627,758	5,260	0.0084	0.9916	66.47	
37.5	601,449	673	0.0011	0.9989	65.92	
38.5	581,533	644	0.0011	0.9989	65.84	

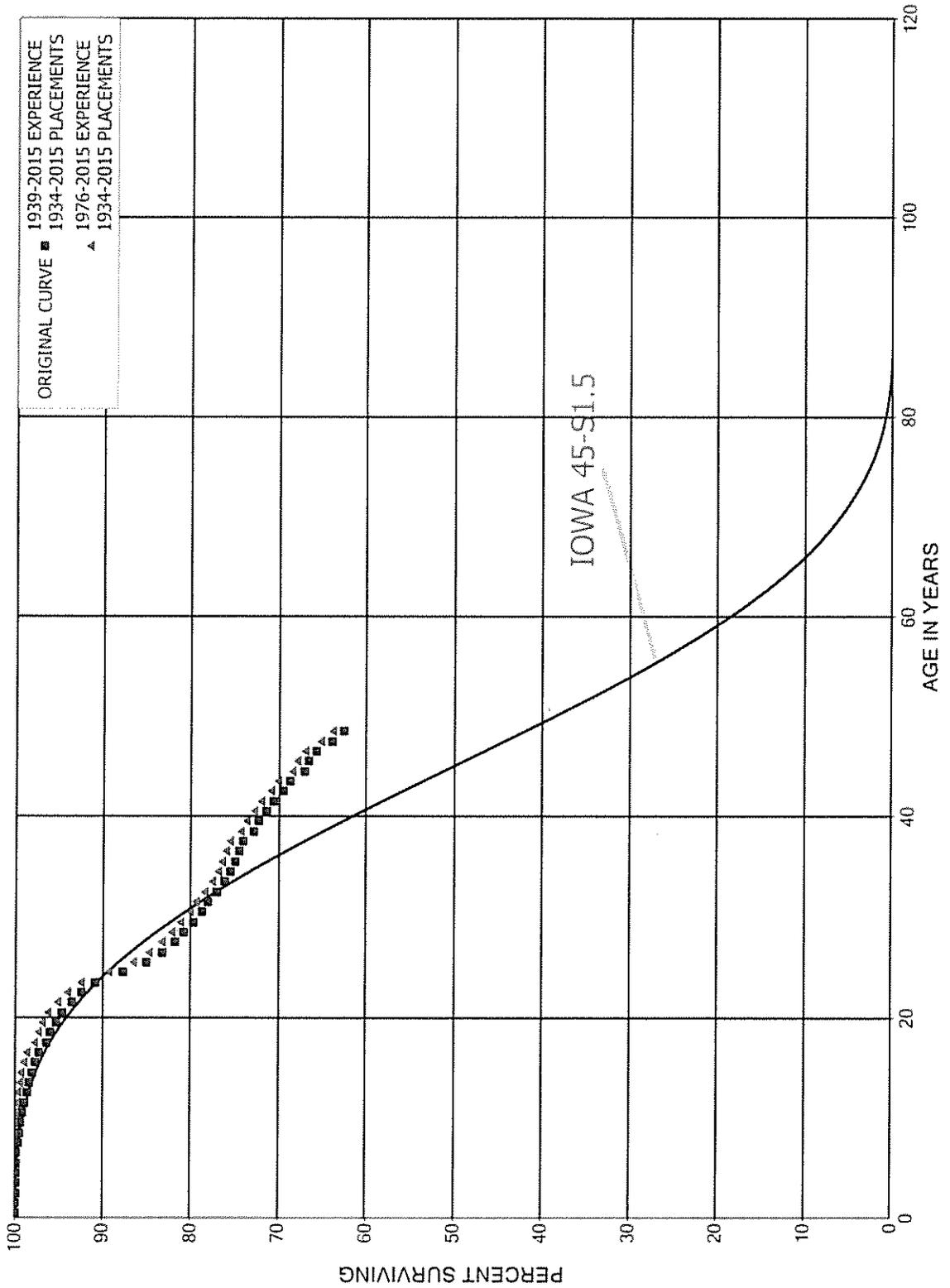
COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 382 METER INSTALLATIONS

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1926-2015			EXPERIENCE BAND 1976-2015			
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL	
39.5	567,276	1,021	0.0018	0.9982	65.77	
40.5	557,425	1,137	0.0020	0.9980	65.65	
41.5	552,004	1,610	0.0029	0.9971	65.52	
42.5	508,374	1,176	0.0023	0.9977	65.33	
43.5	408,499	879	0.0022	0.9978	65.18	
44.5	339,143	273	0.0008	0.9992	65.04	
45.5	278,819	383	0.0014	0.9986	64.98	
46.5	214,254	211	0.0010	0.9990	64.89	
47.5	160,302	375	0.0023	0.9977	64.83	
48.5	129,840	463	0.0036	0.9964	64.68	
49.5	116,033	7,802	0.0672	0.9328	64.45	
50.5	78,064	4,871	0.0624	0.9376	60.11	
51.5	51,616	49	0.0009	0.9991	56.36	
52.5	38,795	62	0.0016	0.9984	56.31	
53.5	27,751	327	0.0118	0.9882	56.22	
54.5	17,486	15	0.0009	0.9991	55.56	
55.5	4,829	7	0.0015	0.9985	55.51	
56.5	129	41	0.3199	0.6801	55.42	
57.5	88	8	0.0905	0.9095	37.69	
58.5	18		0.0000	1.0000	34.28	
59.5	17		0.0000	1.0000	34.28	
60.5	6		0.0000	1.0000	34.28	
61.5	6		0.0000	1.0000	34.28	
62.5	6		0.0000	1.0000	34.28	
63.5					34.28	

COLUMBIA GAS OF KENTUCKY, INC.
 ACCOUNTS 383 AND 384 HOUSE REGULATORS AND HOUSE REGULATOR INSTALLATIONS
 ORIGINAL AND SMOOTH SURVIVOR CURVES



COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNTS 383 AND 384 HOUSE REGULATORS AND HOUSE REGULATOR INSTALLATIONS

ORIGINAL LIFE TABLE

PLACEMENT BAND 1934-2015			EXPERIENCE BAND 1939-2015			
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL	
0.0	8,376,581	3,549	0.0004	0.9996	100.00	
0.5	8,178,252	4,811	0.0006	0.9994	99.96	
1.5	7,982,628	1,746	0.0002	0.9998	99.90	
2.5	7,741,319	696	0.0001	0.9999	99.88	
3.5	7,404,134	1,169	0.0002	0.9998	99.87	
4.5	7,224,463	1,958	0.0003	0.9997	99.85	
5.5	6,718,759	2,601	0.0004	0.9996	99.83	
6.5	6,413,656	9,431	0.0015	0.9985	99.79	
7.5	6,043,645	7,108	0.0012	0.9988	99.64	
8.5	5,709,509	10,354	0.0018	0.9982	99.52	
9.5	5,299,456	9,731	0.0018	0.9982	99.34	
10.5	4,927,181	12,605	0.0026	0.9974	99.16	
11.5	4,213,445	13,311	0.0032	0.9968	98.91	
12.5	3,786,141	9,446	0.0025	0.9975	98.59	
13.5	3,647,179	8,830	0.0024	0.9976	98.35	
14.5	3,601,735	13,920	0.0039	0.9961	98.11	
15.5	3,533,679	15,684	0.0044	0.9956	97.73	
16.5	3,388,942	30,019	0.0089	0.9911	97.30	
17.5	3,222,711	17,531	0.0054	0.9946	96.43	
18.5	3,067,271	19,677	0.0064	0.9936	95.91	
19.5	2,828,707	19,243	0.0068	0.9932	95.29	
20.5	2,675,976	31,860	0.0119	0.9881	94.65	
21.5	2,476,696	30,032	0.0121	0.9879	93.52	
22.5	2,310,477	38,742	0.0168	0.9832	92.39	
23.5	2,128,848	72,786	0.0342	0.9658	90.84	
24.5	1,948,141	59,593	0.0306	0.9694	87.73	
25.5	1,773,109	37,098	0.0209	0.9791	85.05	
26.5	1,623,171	27,824	0.0171	0.9829	83.27	
27.5	1,488,052	18,809	0.0126	0.9874	81.84	
28.5	1,336,421	17,093	0.0128	0.9872	80.81	
29.5	1,190,899	15,894	0.0133	0.9867	79.77	
30.5	1,028,191	8,585	0.0083	0.9917	78.71	
31.5	916,678	11,908	0.0130	0.9870	78.05	
32.5	810,450	9,293	0.0115	0.9885	77.04	
33.5	683,309	5,818	0.0085	0.9915	76.15	
34.5	568,743	4,295	0.0076	0.9924	75.50	
35.5	512,803	3,203	0.0062	0.9938	74.93	
36.5	454,341	2,583	0.0057	0.9943	74.47	
37.5	404,495	6,412	0.0159	0.9841	74.04	
38.5	361,073	3,146	0.0087	0.9913	72.87	

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNTS 383 AND 384 HOUSE REGULATORS AND HOUSE REGULATOR INSTALLATIONS

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1934-2015			EXPERIENCE BAND 1939-2015			
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL	
39.5	329,773	3,808	0.0115	0.9885	72.23	
40.5	322,149	3,720	0.0115	0.9885	71.40	
41.5	314,037	4,755	0.0151	0.9849	70.58	
42.5	284,796	3,189	0.0112	0.9888	69.51	
43.5	219,110	5,254	0.0240	0.9760	68.73	
44.5	164,101	1,237	0.0075	0.9925	67.08	
45.5	108,858	1,396	0.0128	0.9872	66.58	
46.5	56,085	1,482	0.0264	0.9736	65.72	
47.5	14,306	313	0.0219	0.9781	63.98	
48.5	4,944	19	0.0038	0.9962	62.58	
49.5	3,664	10	0.0027	0.9973	62.34	
50.5	3,311		0.0000	1.0000	62.17	
51.5	3,138	22	0.0070	0.9930	62.17	
52.5	834		0.0000	1.0000	61.74	
53.5	546		0.0000	1.0000	61.74	
54.5	417		0.0000	1.0000	61.74	
55.5	351		0.0000	1.0000	61.74	
56.5	351		0.0000	1.0000	61.74	
57.5	351		0.0000	1.0000	61.74	
58.5	351		0.0000	1.0000	61.74	
59.5	351		0.0000	1.0000	61.74	
60.5	235		0.0000	1.0000	61.74	
61.5	235		0.0000	1.0000	61.74	
62.5	235		0.0000	1.0000	61.74	
63.5	235		0.0000	1.0000	61.74	
64.5	235		0.0000	1.0000	61.74	
65.5					61.74	

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNTS 383 AND 384 HOUSE REGULATORS AND HOUSE REGULATOR INSTALLATIONS

ORIGINAL LIFE TABLE

PLACEMENT BAND 1934-2015			EXPERIENCE BAND 1976-2015		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	7,724,487		0.0000	1.0000	100.00
0.5	7,564,798	169	0.0000	1.0000	100.00
1.5	7,392,731	0	0.0000	1.0000	100.00
2.5	7,178,700	1	0.0000	1.0000	100.00
3.5	6,902,098	74	0.0000	1.0000	100.00
4.5	6,773,344	7	0.0000	1.0000	100.00
5.5	6,323,659	223	0.0000	1.0000	100.00
6.5	6,074,622	4,494	0.0007	0.9993	99.99
7.5	5,754,097	1,688	0.0003	0.9997	99.92
8.5	5,458,203	4,436	0.0008	0.9992	99.89
9.5	5,070,304	4,374	0.0009	0.9991	99.81
10.5	4,732,144	3,018	0.0006	0.9994	99.72
11.5	4,051,626	6,490	0.0016	0.9984	99.66
12.5	3,659,315	7,522	0.0021	0.9979	99.50
13.5	3,539,120	6,216	0.0018	0.9982	99.29
14.5	3,515,144	10,199	0.0029	0.9971	99.12
15.5	3,467,013	12,650	0.0036	0.9964	98.83
16.5	3,348,356	28,325	0.0085	0.9915	98.47
17.5	3,194,196	14,970	0.0047	0.9953	97.64
18.5	3,055,646	15,408	0.0050	0.9950	97.18
19.5	2,822,223	18,253	0.0065	0.9935	96.69
20.5	2,670,830	30,091	0.0113	0.9887	96.07
21.5	2,474,431	29,507	0.0119	0.9881	94.98
22.5	2,308,824	38,552	0.0167	0.9833	93.85
23.5	2,127,707	72,612	0.0341	0.9659	92.28
24.5	1,947,074	59,538	0.0306	0.9694	89.13
25.5	1,772,341	36,969	0.0209	0.9791	86.41
26.5	1,622,473	27,801	0.0171	0.9829	84.61
27.5	1,486,699	18,642	0.0125	0.9875	83.16
28.5	1,335,235	17,084	0.0128	0.9872	82.11
29.5	1,189,721	15,854	0.0133	0.9867	81.06
30.5	1,027,053	8,523	0.0083	0.9917	79.98
31.5	915,603	11,773	0.0129	0.9871	79.32
32.5	809,509	9,214	0.0114	0.9886	78.30
33.5	682,447	5,709	0.0084	0.9916	77.41
34.5	568,041	3,750	0.0066	0.9934	76.76
35.5	512,704	3,163	0.0062	0.9938	76.25
36.5	454,283	2,583	0.0057	0.9943	75.78
37.5	404,437	6,412	0.0159	0.9841	75.35
38.5	361,015	3,142	0.0087	0.9913	74.16

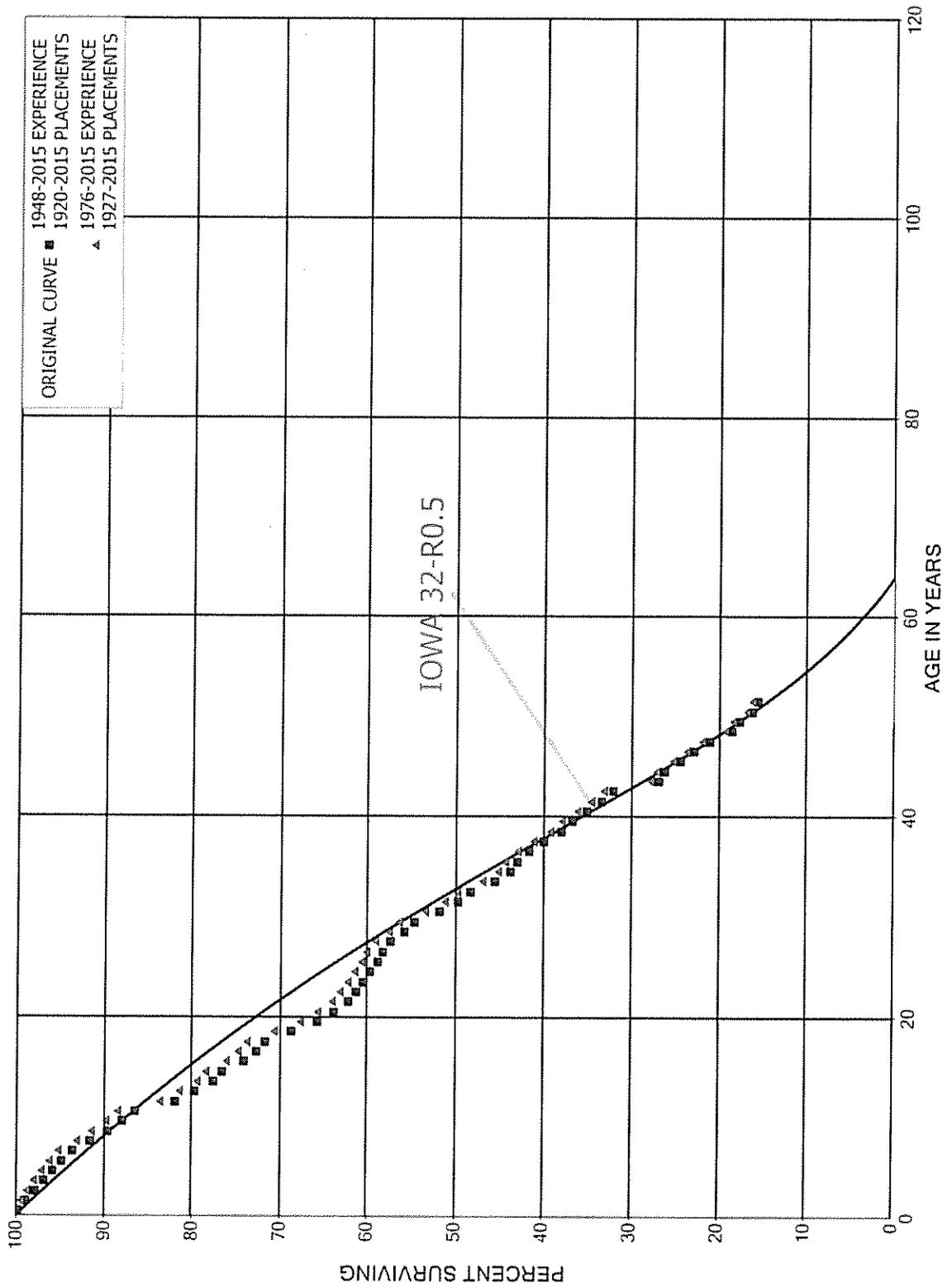
COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNTS 383 AND 384 HOUSE REGULATORS AND HOUSE REGULATOR INSTALLATIONS

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1934-2015			EXPERIENCE BAND 1976-2015			
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL	
39.5	329,718	3,808	0.0115	0.9885	73.51	
40.5	322,108	3,720	0.0115	0.9885	72.66	
41.5	314,037	4,755	0.0151	0.9849	71.82	
42.5	284,796	3,189	0.0112	0.9888	70.74	
43.5	219,110	5,254	0.0240	0.9760	69.94	
44.5	164,101	1,237	0.0075	0.9925	68.27	
45.5	108,858	1,396	0.0128	0.9872	67.75	
46.5	56,085	1,482	0.0264	0.9736	66.88	
47.5	14,306	313	0.0219	0.9781	65.12	
48.5	4,944	19	0.0038	0.9962	63.69	
49.5	3,664	10	0.0027	0.9973	63.45	
50.5	3,311		0.0000	1.0000	63.27	
51.5	3,138	22	0.0070	0.9930	63.27	
52.5	834		0.0000	1.0000	62.83	
53.5	546		0.0000	1.0000	62.83	
54.5	417		0.0000	1.0000	62.83	
55.5	351		0.0000	1.0000	62.83	
56.5	351		0.0000	1.0000	62.83	
57.5	351		0.0000	1.0000	62.83	
58.5	351		0.0000	1.0000	62.83	
59.5	351		0.0000	1.0000	62.83	
60.5	235		0.0000	1.0000	62.83	
61.5	235		0.0000	1.0000	62.83	
62.5	235		0.0000	1.0000	62.83	
63.5	235		0.0000	1.0000	62.83	
64.5	235		0.0000	1.0000	62.83	
65.5					62.83	

COLUMBIA GAS OF KENTUCKY, INC.
 ACCOUNT 385 INDUSTRIAL MEASURING AND REGULATING STATION EQUIPMENT
 ORIGINAL AND SMOOTH SURVIVOR CURVES



COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 385 INDUSTRIAL MEASURING AND REGULATING STATION EQUIPMENT

ORIGINAL LIFE TABLE

PLACEMENT BAND 1920-2015			EXPERIENCE BAND 1948-2015			
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL	
0.0	4,474,596	6,634	0.0015	0.9985	100.00	
0.5	4,377,766	39,808	0.0091	0.9909	99.85	
1.5	4,266,317	47,708	0.0112	0.9888	98.94	
2.5	4,156,136	41,092	0.0099	0.9901	97.84	
3.5	3,982,397	41,466	0.0104	0.9896	96.87	
4.5	3,744,978	42,166	0.0113	0.9887	95.86	
5.5	3,678,913	44,678	0.0121	0.9879	94.78	
6.5	3,567,598	78,779	0.0221	0.9779	93.63	
7.5	3,439,127	72,523	0.0211	0.9789	91.56	
8.5	3,322,336	61,950	0.0186	0.9814	89.63	
9.5	3,257,638	52,166	0.0160	0.9840	87.96	
10.5	2,543,685	135,430	0.0532	0.9468	86.55	
11.5	2,274,178	61,663	0.0271	0.9729	81.94	
12.5	2,160,608	56,523	0.0262	0.9738	79.72	
13.5	1,998,399	26,075	0.0130	0.9870	77.64	
14.5	1,929,011	60,363	0.0313	0.9687	76.62	
15.5	1,803,663	37,392	0.0207	0.9793	74.23	
16.5	1,737,609	23,849	0.0137	0.9863	72.69	
17.5	1,698,921	71,329	0.0420	0.9580	71.69	
18.5	1,531,585	65,621	0.0428	0.9572	68.68	
19.5	1,339,048	38,912	0.0291	0.9709	65.74	
20.5	1,249,253	32,531	0.0260	0.9740	63.83	
21.5	1,161,765	16,477	0.0142	0.9858	62.16	
22.5	1,110,430	13,874	0.0125	0.9875	61.28	
23.5	1,059,301	14,239	0.0134	0.9866	60.52	
24.5	1,018,877	14,316	0.0141	0.9859	59.70	
25.5	975,712	9,286	0.0095	0.9905	58.87	
26.5	924,975	14,630	0.0158	0.9842	58.30	
27.5	907,813	24,693	0.0272	0.9728	57.38	
28.5	662,340	12,530	0.0189	0.9811	55.82	
29.5	618,498	32,975	0.0533	0.9467	54.77	
30.5	565,329	22,966	0.0406	0.9594	51.85	
31.5	491,997	14,024	0.0285	0.9715	49.74	
32.5	452,996	26,878	0.0593	0.9407	48.32	
33.5	411,467	15,991	0.0389	0.9611	45.46	
34.5	356,833	5,986	0.0168	0.9832	43.69	
35.5	338,936	10,831	0.0320	0.9680	42.96	
36.5	328,114	13,359	0.0407	0.9593	41.58	
37.5	312,713	15,215	0.0487	0.9513	39.89	
38.5	290,612	9,519	0.0328	0.9672	37.95	

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 385 INDUSTRIAL MEASURING AND REGULATING STATION EQUIPMENT

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1920-2015			EXPERIENCE BAND 1948-2015			
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL	
39.5	279,813	12,912	0.0461	0.9539	36.71	
40.5	261,182	11,833	0.0453	0.9547	35.01	
41.5	241,293	9,900	0.0410	0.9590	33.43	
42.5	214,021	34,579	0.1616	0.8384	32.05	
43.5	173,344	4,606	0.0266	0.9734	26.88	
44.5	115,623	7,721	0.0668	0.9332	26.16	
45.5	85,113	5,460	0.0641	0.9359	24.41	
46.5	69,373	5,285	0.0762	0.9238	22.85	
47.5	55,405	6,861	0.1238	0.8762	21.11	
48.5	41,137	1,837	0.0447	0.9553	18.49	
49.5	33,919	2,841	0.0837	0.9163	17.67	
50.5	24,530	1,086	0.0443	0.9557	16.19	
51.5	17,636	673	0.0382	0.9618	15.47	
52.5	15,843	199	0.0126	0.9874	14.88	
53.5	11,579	1,210	0.1045	0.8955	14.69	
54.5	9,091	1,189	0.1308	0.8692	13.16	
55.5	7,341	609	0.0830	0.9170	11.44	
56.5	2,973	177	0.0596	0.9404	10.49	
57.5	2,743	204	0.0743	0.9257	9.86	
58.5	886		0.0000	1.0000	9.13	
59.5	874		0.0000	1.0000	9.13	
60.5	721	128	0.1776	0.8224	9.13	
61.5	593		0.0000	1.0000	7.51	
62.5	593	198	0.3341	0.6659	7.51	
63.5	279		0.0000	1.0000	5.00	
64.5	238		0.0000	1.0000	5.00	
65.5	98		0.0000	1.0000	5.00	
66.5					5.00	

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 385 INDUSTRIAL MEASURING AND REGULATING STATION EQUIPMENT

ORIGINAL LIFE TABLE

PLACEMENT BAND 1927-2015			EXPERIENCE BAND 1976-2015			
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL	
0.0	3,864,719	1,465	0.0004	0.9996	100.00	
0.5	3,724,581	25,508	0.0068	0.9932	99.96	
1.5	3,623,902	25,621	0.0071	0.9929	99.28	
2.5	3,566,618	27,327	0.0077	0.9923	98.58	
3.5	3,415,361	30,994	0.0091	0.9909	97.82	
4.5	3,289,627	27,865	0.0085	0.9915	96.93	
5.5	3,313,200	37,887	0.0114	0.9886	96.11	
6.5	3,252,451	69,479	0.0214	0.9786	95.01	
7.5	3,170,673	58,909	0.0186	0.9814	92.98	
8.5	3,085,027	56,792	0.0184	0.9816	91.26	
9.5	3,065,142	43,261	0.0141	0.9859	89.58	
10.5	2,384,471	130,212	0.0546	0.9454	88.31	
11.5	2,151,147	56,000	0.0260	0.9740	83.49	
12.5	2,057,217	52,160	0.0254	0.9746	81.32	
13.5	1,908,048	24,090	0.0126	0.9874	79.25	
14.5	1,854,901	53,696	0.0289	0.9711	78.25	
15.5	1,744,301	31,810	0.0182	0.9818	75.99	
16.5	1,695,673	23,119	0.0136	0.9864	74.60	
17.5	1,679,567	70,737	0.0421	0.9579	73.58	
18.5	1,517,039	64,855	0.0428	0.9572	70.49	
19.5	1,331,241	38,646	0.0290	0.9710	67.47	
20.5	1,243,047	32,531	0.0262	0.9738	65.51	
21.5	1,157,075	16,477	0.0142	0.9858	63.80	
22.5	1,105,867	13,754	0.0124	0.9876	62.89	
23.5	1,055,014	13,977	0.0132	0.9868	62.11	
24.5	1,016,119	13,363	0.0132	0.9868	61.29	
25.5	975,019	9,046	0.0093	0.9907	60.48	
26.5	924,849	14,551	0.0157	0.9843	59.92	
27.5	907,608	24,693	0.0272	0.9728	58.98	
28.5	662,261	12,530	0.0189	0.9811	57.37	
29.5	618,097	32,975	0.0533	0.9467	56.29	
30.5	564,976	22,966	0.0406	0.9594	53.28	
31.5	491,935	14,024	0.0285	0.9715	51.12	
32.5	452,902	26,878	0.0593	0.9407	49.66	
33.5	411,342	15,982	0.0389	0.9611	46.71	
34.5	356,708	5,977	0.0168	0.9832	44.90	
35.5	338,811	10,791	0.0319	0.9681	44.15	
36.5	328,020	13,319	0.0406	0.9594	42.74	
37.5	312,650	15,175	0.0485	0.9515	41.00	
38.5	290,580	9,488	0.0327	0.9673	39.01	

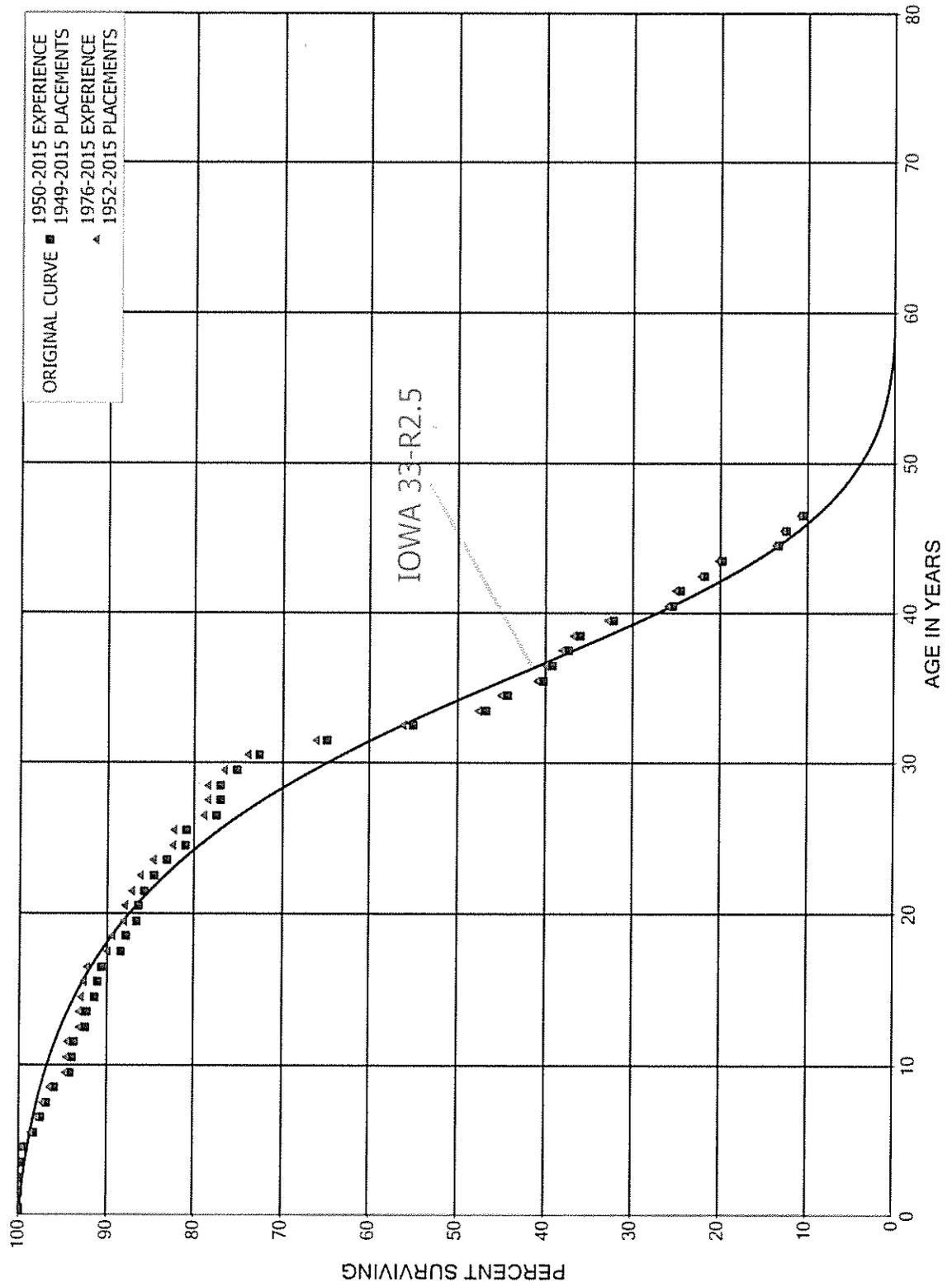
COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 385 INDUSTRIAL MEASURING AND REGULATING STATION EQUIPMENT

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1927-2015			EXPERIENCE BAND 1976-2015			
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL	
39.5	279,760	12,912	0.0462	0.9538	37.74	
40.5	261,129	11,833	0.0453	0.9547	36.00	
41.5	241,240	9,900	0.0410	0.9590	34.37	
42.5	214,018	34,579	0.1616	0.8384	32.96	
43.5	173,341	4,606	0.0266	0.9734	27.63	
44.5	115,619	7,721	0.0668	0.9332	26.90	
45.5	85,110	5,460	0.0642	0.9358	25.10	
46.5	69,370	5,285	0.0762	0.9238	23.49	
47.5	55,402	6,861	0.1238	0.8762	21.70	
48.5	41,137	1,837	0.0447	0.9553	19.01	
49.5	33,919	2,841	0.0837	0.9163	18.16	
50.5	24,530	1,086	0.0443	0.9557	16.64	
51.5	17,636	673	0.0382	0.9618	15.91	
52.5	15,843	199	0.0126	0.9874	15.30	
53.5	11,579	1,210	0.1045	0.8955	15.11	
54.5	9,091	1,189	0.1308	0.8692	13.53	
55.5	7,341	609	0.0830	0.9170	11.76	
56.5	2,973	177	0.0596	0.9404	10.78	
57.5	2,743	204	0.0743	0.9257	10.14	
58.5	886		0.0000	1.0000	9.39	
59.5	874		0.0000	1.0000	9.39	
60.5	721	128	0.1776	0.8224	9.39	
61.5	593		0.0000	1.0000	7.72	
62.5	593	198	0.3341	0.6659	7.72	
63.5	279		0.0000	1.0000	5.14	
64.5	238		0.0000	1.0000	5.14	
65.5	98		0.0000	1.0000	5.14	
66.5					5.14	

COLUMBIA GAS OF KENTUCKY, INC.
 ACCOUNT 387.4 OTHER EQUIPMENT - CUSTOMER INFORMATION SERVICES
 ORIGINAL AND SMOOTH SURVIVOR CURVES



COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 387.4 OTHER EQUIPMENT - CUSTOMER INFORMATION SERVICES

ORIGINAL LIFE TABLE

PLACEMENT BAND 1949-2015

EXPERIENCE BAND 1950-2015

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	5,036,247	1,651	0.0003	0.9997	100.00
0.5	4,537,536	651	0.0001	0.9999	99.97
1.5	4,321,401	3,282	0.0008	0.9992	99.95
2.5	3,922,121	2,517	0.0006	0.9994	99.88
3.5	3,749,916	19,460	0.0052	0.9948	99.81
4.5	3,574,714	35,162	0.0098	0.9902	99.29
5.5	3,526,895	30,795	0.0087	0.9913	98.32
6.5	3,457,929	22,172	0.0064	0.9936	97.46
7.5	3,409,719	30,753	0.0090	0.9910	96.83
8.5	3,348,561	63,692	0.0190	0.9810	95.96
9.5	3,292,418	8,022	0.0024	0.9976	94.14
10.5	3,252,626	5,071	0.0016	0.9984	93.91
11.5	2,958,514	43,322	0.0146	0.9854	93.76
12.5	2,570,622	1,683	0.0007	0.9993	92.39
13.5	1,964,812	20,840	0.0106	0.9894	92.33
14.5	1,942,037	6,837	0.0035	0.9965	91.35
15.5	1,841,686	7,502	0.0041	0.9959	91.03
16.5	1,533,352	37,817	0.0247	0.9753	90.66
17.5	1,349,418	8,787	0.0065	0.9935	88.42
18.5	1,352,656	19,620	0.0145	0.9855	87.84
19.5	1,234,596	1,910	0.0015	0.9985	86.57
20.5	1,208,316	10,424	0.0086	0.9914	86.44
21.5	937,244	11,235	0.0120	0.9880	85.69
22.5	856,889	14,533	0.0170	0.9830	84.66
23.5	713,255	18,746	0.0263	0.9737	83.23
24.5	641,705	667	0.0010	0.9990	81.04
25.5	554,188	23,281	0.0420	0.9580	80.96
26.5	431,348	2,506	0.0058	0.9942	77.55
27.5	350,330		0.0000	1.0000	77.10
28.5	303,507	7,396	0.0244	0.9756	77.10
29.5	256,297	8,919	0.0348	0.9652	75.22
30.5	189,193	19,926	0.1053	0.8947	72.61
31.5	165,490	25,113	0.1518	0.8482	64.96
32.5	140,377	21,305	0.1518	0.8482	55.10
33.5	121,675	6,429	0.0528	0.9472	46.74
34.5	115,246	10,547	0.0915	0.9085	44.27
35.5	106,276	2,777	0.0261	0.9739	40.22
36.5	103,499	4,877	0.0471	0.9529	39.17
37.5	101,001	3,593	0.0356	0.9644	37.32
38.5	97,590	10,221	0.1047	0.8953	35.99

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 387.4 OTHER EQUIPMENT - CUSTOMER INFORMATION SERVICES

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1949-2015			EXPERIENCE BAND 1950-2015			
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL	
39.5	89,916	18,955	0.2108	0.7892	32.22	
40.5	70,960	2,479	0.0349	0.9651	25.43	
41.5	68,481	7,881	0.1151	0.8849	24.54	
42.5	60,601	5,668	0.0935	0.9065	21.72	
43.5	54,933	17,844	0.3248	0.6752	19.69	
44.5	37,088	2,529	0.0682	0.9318	13.29	
45.5	34,559	5,185	0.1500	0.8500	12.39	
46.5	29,374		0.0000	1.0000	10.53	
47.5	29,374	3,942	0.1342	0.8658	10.53	
48.5	25,432		0.0000	1.0000	9.11	
49.5	25,432	789	0.0310	0.9690	9.11	
50.5	24,644	5,834	0.2368	0.7632	8.83	
51.5	18,809	6,858	0.3646	0.6354	6.74	
52.5	11,951	2,366	0.1980	0.8020	4.28	
53.5	9,585	69	0.0072	0.9928	3.44	
54.5	9,516	2,603	0.2735	0.7265	3.41	
55.5	6,913		0.0000	1.0000	2.48	
56.5	6,913	1,577	0.2281	0.7719	2.48	
57.5	5,337	229	0.0429	0.9571	1.91	
58.5	5,107	2,379	0.4659	0.5341	1.83	
59.5	2,728	181	0.0663	0.9337	0.98	
60.5	2,547	2,547	1.0000		0.91	
61.5						

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 387.4 OTHER EQUIPMENT - CUSTOMER INFORMATION SERVICES

ORIGINAL LIFE TABLE

PLACEMENT BAND 1952-2015			EXPERIENCE BAND 1976-2015		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	4,777,240		0.0000	1.0000	100.00
0.5	4,277,449	478	0.0001	0.9999	100.00
1.5	4,072,534	267	0.0001	0.9999	99.99
2.5	3,704,803	1,020	0.0003	0.9997	99.98
3.5	3,537,356	17,426	0.0049	0.9951	99.95
4.5	3,368,043	31,012	0.0092	0.9908	99.46
5.5	3,338,495	24,397	0.0073	0.9927	98.55
6.5	3,311,626	20,274	0.0061	0.9939	97.83
7.5	3,314,719	28,056	0.0085	0.9915	97.23
8.5	3,268,297	60,997	0.0187	0.9813	96.40
9.5	3,214,966	3,033	0.0009	0.9991	94.61
10.5	3,185,749	3,075	0.0010	0.9990	94.52
11.5	2,893,633	41,627	0.0144	0.9856	94.42
12.5	2,511,450	46	0.0000	1.0000	93.07
13.5	1,930,840	5,325	0.0028	0.9972	93.06
14.5	1,931,083	6,074	0.0031	0.9969	92.81
15.5	1,839,383	7,272	0.0040	0.9960	92.52
16.5	1,533,123	37,817	0.0247	0.9753	92.15
17.5	1,349,189	8,787	0.0065	0.9935	89.88
18.5	1,352,427	19,620	0.0145	0.9855	89.29
19.5	1,234,367	1,910	0.0015	0.9985	88.00
20.5	1,208,316	10,424	0.0086	0.9914	87.86
21.5	937,244	11,235	0.0120	0.9880	87.10
22.5	856,889	14,533	0.0170	0.9830	86.06
23.5	713,255	18,746	0.0263	0.9737	84.60
24.5	641,705	667	0.0010	0.9990	82.38
25.5	554,188	23,281	0.0420	0.9580	82.29
26.5	431,348	2,506	0.0058	0.9942	78.83
27.5	350,330		0.0000	1.0000	78.37
28.5	303,507	7,396	0.0244	0.9756	78.37
29.5	256,297	8,919	0.0348	0.9652	76.46
30.5	189,193	19,926	0.1053	0.8947	73.80
31.5	165,490	25,113	0.1518	0.8482	66.03
32.5	140,377	21,305	0.1518	0.8482	56.01
33.5	121,675	6,429	0.0528	0.9472	47.51
34.5	115,246	10,547	0.0915	0.9085	45.00
35.5	106,276	2,777	0.0261	0.9739	40.88
36.5	103,499	4,877	0.0471	0.9529	39.81
37.5	101,001	3,593	0.0356	0.9644	37.94
38.5	97,590	10,221	0.1047	0.8953	36.59

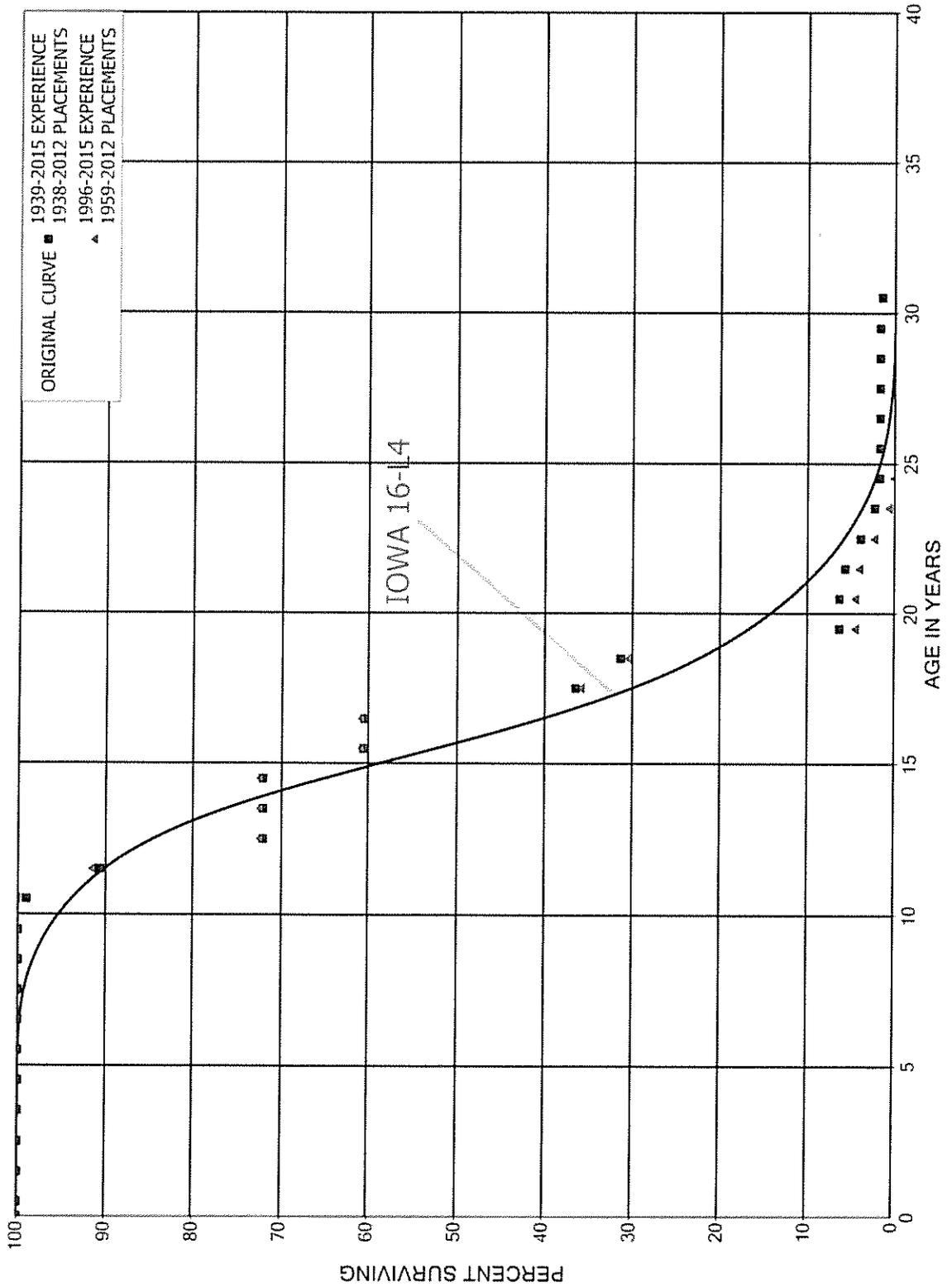
COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 387.4 OTHER EQUIPMENT - CUSTOMER INFORMATION SERVICES

ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1952-2015			EXPERIENCE BAND 1976-2015			
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL	
39.5	89,916	18,955	0.2108	0.7892	32.76	
40.5	70,960	2,479	0.0349	0.9651	25.85	
41.5	68,481	7,881	0.1151	0.8849	24.95	
42.5	60,601	5,668	0.0935	0.9065	22.08	
43.5	54,933	17,844	0.3248	0.6752	20.01	
44.5	37,088	2,529	0.0682	0.9318	13.51	
45.5	34,559	5,185	0.1500	0.8500	12.59	
46.5	29,374		0.0000	1.0000	10.70	
47.5	29,374	3,942	0.1342	0.8658	10.70	
48.5	25,432		0.0000	1.0000	9.26	
49.5	25,432	789	0.0310	0.9690	9.26	
50.5	24,644	5,834	0.2368	0.7632	8.98	
51.5	18,809	6,858	0.3646	0.6354	6.85	
52.5	11,951	2,366	0.1980	0.8020	4.35	
53.5	9,585	69	0.0072	0.9928	3.49	
54.5	9,516	2,603	0.2735	0.7265	3.47	
55.5	6,913		0.0000	1.0000	2.52	
56.5	6,913	1,577	0.2281	0.7719	2.52	
57.5	5,337	229	0.0429	0.9571	1.94	
58.5	5,107	2,379	0.4659	0.5341	1.86	
59.5	2,728	181	0.0663	0.9337	0.99	
60.5	2,547	2,547	1.0000		0.93	
61.5						

COLUMBIA GAS OF KENTUCKY, INC.
 ACCOUNT 392.2 TRANSPORTATION EQUIPMENT - TRAILERS
 ORIGINAL AND SMOOTH SURVIVOR CURVES



COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 392.2 TRANSPORTATION EQUIPMENT - TRAILERS

ORIGINAL LIFE TABLE

PLACEMENT BAND 1938-2012			EXPERIENCE BAND 1939-2015		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	191,083		0.0000	1.0000	100.00
0.5	191,233		0.0000	1.0000	100.00
1.5	189,470		0.0000	1.0000	100.00
2.5	200,566		0.0000	1.0000	100.00
3.5	155,327		0.0000	1.0000	100.00
4.5	131,618		0.0000	1.0000	100.00
5.5	131,618		0.0000	1.0000	100.00
6.5	139,449		0.0000	1.0000	100.00
7.5	139,449		0.0000	1.0000	100.00
8.5	135,182		0.0000	1.0000	100.00
9.5	135,182	1,246	0.0092	0.9908	100.00
10.5	133,936	11,392	0.0851	0.9149	99.08
11.5	77,185	15,840	0.2052	0.7948	90.65
12.5	61,345		0.0000	1.0000	72.05
13.5	61,345		0.0000	1.0000	72.05
14.5	61,345	9,702	0.1582	0.8418	72.05
15.5	51,849	100	0.0019	0.9981	60.65
16.5	51,961	20,764	0.3996	0.6004	60.54
17.5	29,703	4,168	0.1403	0.8597	36.35
18.5	25,535	20,440	0.8005	0.1995	31.25
19.5	5,095		0.0000	1.0000	6.23
20.5	5,095	475	0.0932	0.9068	6.23
21.5	4,620	1,450	0.3138	0.6862	5.65
22.5	3,508	1,450	0.4134	0.5866	3.88
23.5	2,058	499	0.2424	0.7576	2.28
24.5	1,346		0.0000	1.0000	1.72
25.5	1,346		0.0000	1.0000	1.72
26.5	1,346		0.0000	1.0000	1.72
27.5	1,346		0.0000	1.0000	1.72
28.5	1,346		0.0000	1.0000	1.72
29.5	1,346	206	0.1527	0.8473	1.72
30.5	1,141	387	0.3396	0.6604	1.46
31.5	753		0.0000	1.0000	0.96
32.5	753		0.0000	1.0000	0.96
33.5	753		0.0000	1.0000	0.96
34.5	753		0.0000	1.0000	0.96
35.5	753		0.0000	1.0000	0.96
36.5	753		0.0000	1.0000	0.96
37.5	753	753	1.0000		0.96
38.5					

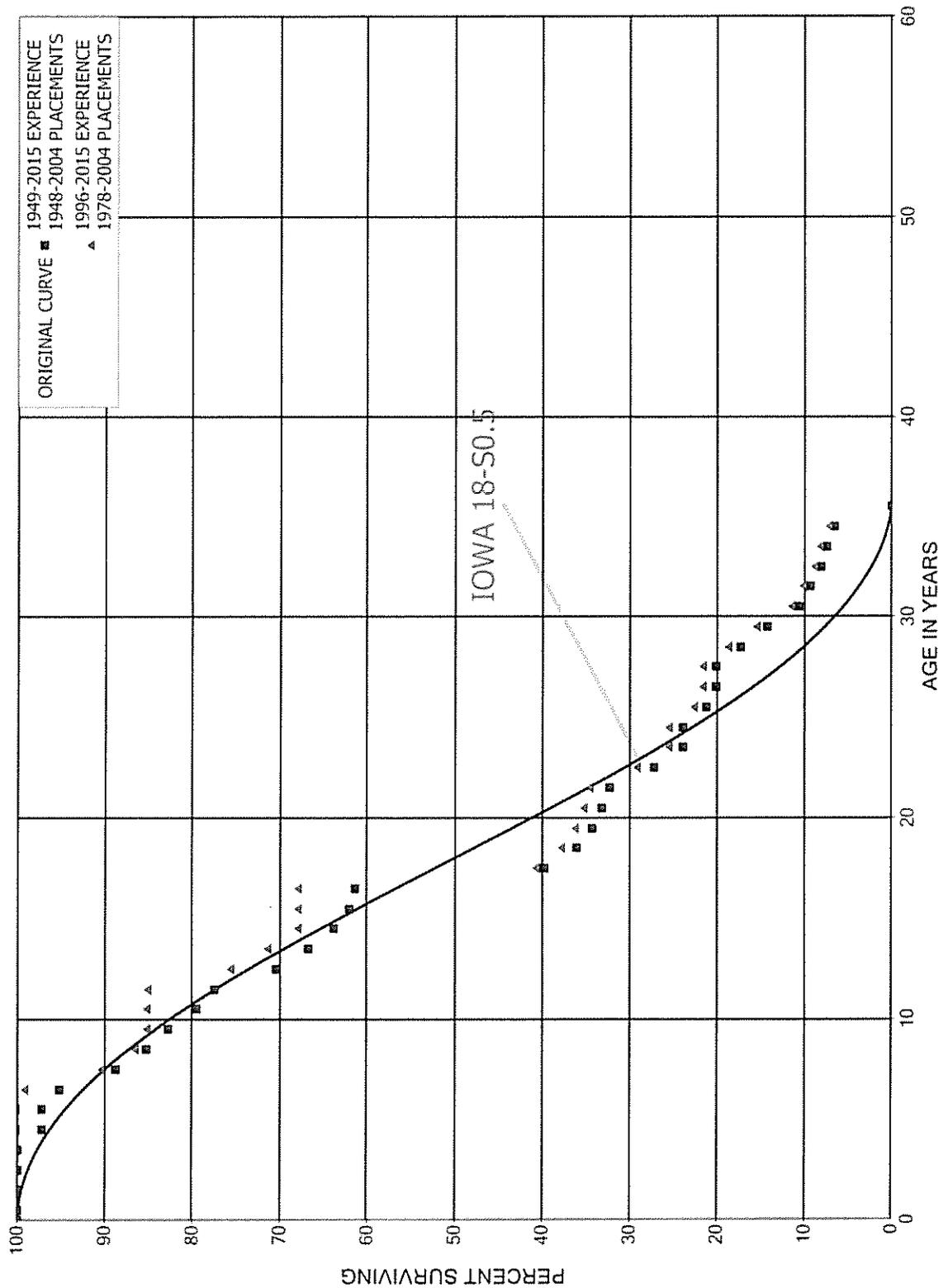
COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 392.2 TRANSPORTATION EQUIPMENT - TRAILERS

ORIGINAL LIFE TABLE

PLACEMENT BAND 1959-2012			EXPERIENCE BAND 1996-2015		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	155,350		0.0000	1.0000	100.00
0.5	163,686		0.0000	1.0000	100.00
1.5	172,127		0.0000	1.0000	100.00
2.5	183,223		0.0000	1.0000	100.00
3.5	145,690		0.0000	1.0000	100.00
4.5	122,678		0.0000	1.0000	100.00
5.5	124,128		0.0000	1.0000	100.00
6.5	132,458		0.0000	1.0000	100.00
7.5	132,458		0.0000	1.0000	100.00
8.5	132,458		0.0000	1.0000	100.00
9.5	132,458		0.0000	1.0000	100.00
10.5	132,458	11,392	0.0860	0.9140	100.00
11.5	75,707	15,840	0.2092	0.7908	91.40
12.5	59,867		0.0000	1.0000	72.28
13.5	59,867		0.0000	1.0000	72.28
14.5	59,867	9,602	0.1604	0.8396	72.28
15.5	50,265		0.0000	1.0000	60.68
16.5	50,265	20,764	0.4131	0.5869	60.68
17.5	28,007	4,168	0.1488	0.8512	35.62
18.5	23,839	20,440	0.8574	0.1426	30.32
19.5	3,874		0.0000	1.0000	4.32
20.5	3,874	475	0.1226	0.8774	4.32
21.5	3,399	1,450	0.4266	0.5734	3.79
22.5	1,949	1,450	0.7441	0.2559	2.17
23.5	499	499	1.0000		0.56
24.5					
25.5					
26.5					
27.5					
28.5					
29.5	387		0.0000		
30.5	387	387	1.0000		
31.5					
32.5					
33.5					
34.5					
35.5					
36.5	753		0.0000		
37.5	753	753	1.0000		
38.5					

COLUMBIA GAS OF KENTUCKY, INC.
 ACCOUNT 396 POWER OPERATED EQUIPMENT
 ORIGINAL AND SMOOTH SURVIVOR CURVES



COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 396 POWER OPERATED EQUIPMENT

ORIGINAL LIFE TABLE

PLACEMENT BAND 1948-2004			EXPERIENCE BAND 1949-2015		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	819,375		0.0000	1.0000	100.00
0.5	844,946		0.0000	1.0000	100.00
1.5	853,647		0.0000	1.0000	100.00
2.5	853,647		0.0000	1.0000	100.00
3.5	878,247	25,062	0.0285	0.9715	100.00
4.5	950,506		0.0000	1.0000	97.15
5.5	962,286	19,298	0.0201	0.9799	97.15
6.5	960,676	65,338	0.0680	0.9320	95.20
7.5	922,649	35,779	0.0388	0.9612	88.72
8.5	895,347	27,327	0.0305	0.9695	85.28
9.5	901,356	34,709	0.0385	0.9615	82.68
10.5	923,431	24,996	0.0271	0.9729	79.50
11.5	812,039	72,957	0.0898	0.9102	77.34
12.5	739,155	38,178	0.0517	0.9483	70.40
13.5	625,111	27,007	0.0432	0.9568	66.76
14.5	598,104	17,408	0.0291	0.9709	63.88
15.5	582,318	6,265	0.0108	0.9892	62.02
16.5	576,054	203,274	0.3529	0.6471	61.35
17.5	372,780	34,127	0.0915	0.9085	39.70
18.5	338,653	16,540	0.0488	0.9512	36.07
19.5	322,113	10,730	0.0333	0.9667	34.30
20.5	311,383	8,485	0.0272	0.9728	33.16
21.5	245,235	38,669	0.1577	0.8423	32.26
22.5	206,567	25,293	0.1224	0.8776	27.17
23.5	181,274	128	0.0007	0.9993	23.84
24.5	174,571	19,353	0.1109	0.8891	23.83
25.5	153,464	8,472	0.0552	0.9448	21.19
26.5	140,501		0.0000	1.0000	20.02
27.5	140,501	19,256	0.1370	0.8630	20.02
28.5	121,245	21,133	0.1743	0.8257	17.27
29.5	100,112	25,842	0.2581	0.7419	14.26
30.5	70,290	8,346	0.1187	0.8813	10.58
31.5	61,944	8,278	0.1336	0.8664	9.32
32.5	53,666	4,259	0.0794	0.9206	8.08
33.5	49,407	6,225	0.1260	0.8740	7.44
34.5	43,182	43,182	1.0000		6.50
35.5					

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 396 POWER OPERATED EQUIPMENT

ORIGINAL LIFE TABLE

PLACEMENT BAND 1978-2004			EXPERIENCE BAND 1996-2015		
AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	402,174		0.0000	1.0000	100.00
0.5	405,370		0.0000	1.0000	100.00
1.5	490,987		0.0000	1.0000	100.00
2.5	511,751		0.0000	1.0000	100.00
3.5	500,359		0.0000	1.0000	100.00
4.5	516,135		0.0000	1.0000	100.00
5.5	571,623	6,271	0.0110	0.9890	100.00
6.5	616,600	54,083	0.0877	0.9123	98.90
7.5	606,027	25,408	0.0419	0.9581	90.23
8.5	580,619	9,065	0.0156	0.9844	86.45
9.5	571,554		0.0000	1.0000	85.10
10.5	599,100	1,191	0.0020	0.9980	85.10
11.5	583,205	65,552	0.1124	0.8876	84.93
12.5	549,875	30,477	0.0554	0.9446	75.38
13.5	475,266	23,167	0.0487	0.9513	71.20
14.5	472,399		0.0000	1.0000	67.73
15.5	478,416		0.0000	1.0000	67.73
16.5	505,328	203,274	0.4023	0.5977	67.73
17.5	352,274	25,080	0.0712	0.9288	40.49
18.5	327,194	13,785	0.0421	0.9579	37.60
19.5	313,409	8,717	0.0278	0.9722	36.02
20.5	304,693	5,172	0.0170	0.9830	35.02
21.5	241,858	38,669	0.1599	0.8401	34.42
22.5	203,190	25,293	0.1245	0.8755	28.92
23.5	177,897	128	0.0007	0.9993	25.32
24.5	171,194	19,353	0.1130	0.8870	25.30
25.5	151,841	6,850	0.0451	0.9549	22.44
26.5	140,501		0.0000	1.0000	21.43
27.5	140,501	19,256	0.1370	0.8630	21.43
28.5	121,245	21,133	0.1743	0.8257	18.49
29.5	100,112	25,842	0.2581	0.7419	15.27
30.5	70,290	8,346	0.1187	0.8813	11.33
31.5	61,944	8,278	0.1336	0.8664	9.98
32.5	53,666	4,259	0.0794	0.9206	8.65
33.5	49,407	6,225	0.1260	0.8740	7.96
34.5	43,182	43,182	1.0000		6.96
35.5					

PART VIII. NET SALVAGE STATISTICS

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 374.4 LAND AND LAND RIGHTS - LAND RIGHTS

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL		GROSS SALVAGE		NET SALVAGE	
		AMOUNT	PCT	AMOUNT	PCT	AMOUNT	PCT
1978	109		0		0		0
1979							
1980							
1981							
1982	295		0		0		0
1983		1				1-	
1984							
1985	376		0		0		0
1986	2,662		0		0		0
1987	518		0		0		0
1988	114		0		0		0
1989	3,071		0		0		0
1990	147		0		0		0
1991		8				8-	
1992							
1993	417	6	1		0	6-	1-
1994	112	8	8		0	8-	8-
1995							
1996				1		1	
1997							
1998							
1999							
2000	174	15	9		0	15-	9-
2001							
2002							
2003	8,195		0		0		0
2004							
2005		919				919-	
2006	107		0		0		0
2007	96-		0		0		0
2008							
2009	13,384	1,706	13		0	1,706-	13-
2010							
2011	1,742		0		0		0
2012	1,887	286	15		0	286-	15-
2013	38		0		0		0
2014	279	14	5		0	14-	5-
2015	83	576	691		0	576-	691-
TOTAL	33,615	3,540	11	1	0	3,539-	11-

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 374.4 LAND AND LAND RIGHTS - LAND RIGHTS

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL		GROSS SALVAGE		NET SALVAGE	
		AMOUNT	PCT	AMOUNT	PCT	AMOUNT	PCT
THREE-YEAR MOVING AVERAGES							
78-80	36		0		0		0
79-81							
80-82	98		0		0		0
81-83	98		0		0		0
82-84	98		0		0		0
83-85	125		0		0		0
84-86	1,013		0		0		0
85-87	1,185		0		0		0
86-88	1,098		0		0		0
87-89	1,235		0		0		0
88-90	1,111		0		0		0
89-91	1,073	3	0		0	3-	0
90-92	49	3	6		0	3-	6-
91-93	139	5	3		0	5-	3-
92-94	176	5	3		0	5-	3-
93-95	176	5	3		0	5-	3-
94-96	37	3	8		1	2-	7-
95-97							
96-98							
97-99							
98-00	58	5	9		0	5-	9-
99-01	58	5	9		0	5-	9-
00-02	58	5	9		0	5-	9-
01-03	2,732		0		0		0
02-04	2,732		0		0		0
03-05	2,732	306	11		0	306-	11-
04-06	36	306	859		0	306-	859-
05-07	4	306			0	306-	
06-08	4		0		0		0
07-09	4,429	569	13		0	569-	13-
08-10	4,461	569	13		0	569-	13-
09-11	5,042	569	11		0	569-	11-
10-12	1,210	95	8		0	95-	8-
11-13	1,222	95	8		0	95-	8-
12-14	735	100	14		0	100-	14-
13-15	134	197	147		0	197-	147-
FIVE-YEAR AVERAGE							
11-15	806	175	22		0	175-	22-

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 375.34 STRUCTURES AND IMPROVEMENTS - MEASURING AND REGULATING

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL		GROSS SALVAGE		NET SALVAGE	
		AMOUNT	PCT	AMOUNT	PCT	AMOUNT	PCT
1969	730	119	16		0	119-	16-
1970	59	37	63		0	37-	63-
1971	1,813	495	27		0	495-	27-
1972	811	344	42		0	344-	42-
1973	2,691	343	13	2,448	91	2,105	78
1974							
1975							
1976							
1977	205		0		0		0
1978	374	104	28		0	104-	28-
1979							
1980							
1981	5,768	754	13		0	754-	13-
1982	8,962	988	11	1,661	19	673	8
1983	2,245	522	23		0	522-	23-
1984	6,670	291	4		0	291-	4-
1985	10,023	220	2		0	220-	2-
1986	1,933	695	36		0	695-	36-
1987	10,363	163	2		0	163-	2-
1988	2,963		0		0		0
1989	735	215	29		0	215-	29-
1990	12,306	1,032	8		0	1,032-	8-
1991	1,372	243	18		0	243-	18-
1992	734		0	1	0	1	0
1993	3,701	1,342	36		0	1,342-	36-
1994	5,460	778	14	550	10	228-	4-
1995	939	22,938-			0	22,938	
1996	7,801	3,332	43		0	3,332-	43-
1997	1,627	6,242	384		0	6,242-	384-
1998	8,351	2,536	30		0	2,536-	30-
1999	860	531	62		0	531-	62-
2000	21,343	1,811	8		0	1,811-	8-
2001	2,689	884	33		0	884-	33-
2002	936	68	7		0	68-	7-
2003	1,263	2,703	214		0	2,703-	214-
2004	14,257	3,167	22		0	3,167-	22-
2005	4,765	14,911	313		0	14,911-	313-
2006	1,696	5,142-	303-		0	5,142	303
2007		3,197				3,197-	
2008	1,434	2,534	177		0	2,534-	177-
2009	4,152	6,582	159		0	6,582-	159-
2010		308				308-	

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 375.34 STRUCTURES AND IMPROVEMENTS - MEASURING AND REGULATING

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL		GROSS SALVAGE		NET SALVAGE	
		AMOUNT	PCT	AMOUNT	PCT	AMOUNT	PCT
2011	13,149		0		0		0
2012	21,758	15,934	73		0	15,934-	73-
2013	5,433	6,061	112		0	6,061-	112-
2014	9,930	1,757	18		0	1,757-	18-
2015	64,461	53,896	84		0	53,896-	84-
TOTAL	266,763	107,061	40	4,660	2	102,401-	38-

THREE-YEAR MOVING AVERAGES

69-71	867	217	25		0	217-	25-
70-72	894	292	33		0	292-	33-
71-73	1,772	394	22	816	46	422	24
72-74	1,167	229	20	816	70	587	50
73-75	897	114	13	816	91	702	78
74-76							
75-77	68		0		0		0
76-78	193	35	18		0	35-	18-
77-79	193	35	18		0	35-	18-
78-80	125	35	28		0	35-	28-
79-81	1,923	251	13		0	251-	13-
80-82	4,910	581	12	554	11	27-	1-
81-83	5,658	755	13	554	10	201-	4-
82-84	5,959	600	10	554	9	47-	1-
83-85	6,313	344	5		0	344-	5-
84-86	6,209	402	6		0	402-	6-
85-87	7,440	359	5		0	359-	5-
86-88	5,086	286	6		0	286-	6-
87-89	4,687	126	3		0	126-	3-
88-90	5,335	416	8		0	416-	8-
89-91	4,804	497	10		0	497-	10-
90-92	4,804	425	9		0	424-	9-
91-93	1,936	528	27		0	528-	27-
92-94	3,298	706	21	184	6	523-	16-
93-95	3,367	6,940-	206-	183	5	7,123	212
94-96	4,733	6,276-	133-	183	4	6,459	136
95-97	3,456	4,455-	129-		0	4,455	129
96-98	5,926	4,037	68		0	4,037-	68-
97-99	3,613	3,103	86		0	3,103-	86-
98-00	10,185	1,626	16		0	1,626-	16-
99-01	8,298	1,075	13		0	1,075-	13-
00-02	8,323	921	11		0	921-	11-

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 375.34 STRUCTURES AND IMPROVEMENTS - MEASURING AND REGULATING

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL AMOUNT	PCT	GROSS SALVAGE AMOUNT	PCT	NET SALVAGE AMOUNT	PCT
THREE-YEAR MOVING AVERAGES							
01-03	1,629	1,218	75		0	1,218-	75-
02-04	5,485	1,979	36		0	1,979-	36-
03-05	6,762	6,927	102		0	6,927-	102-
04-06	6,906	4,312	62		0	4,312-	62-
05-07	2,154	4,322	201		0	4,322-	201-
06-08	1,043	197	19		0	197-	19-
07-09	1,862	4,105	220		0	4,105-	220-
08-10	1,862	3,142	169		0	3,142-	169-
09-11	5,767	2,297	40		0	2,297-	40-
10-12	11,636	5,414	47		0	5,414-	47-
11-13	13,446	7,332	55		0	7,332-	55-
12-14	12,373	7,918	64		0	7,918-	64-
13-15	26,608	20,572	77		0	20,572-	77-
FIVE-YEAR AVERAGE							
11-15	22,946	15,530	68		0	15,530-	68-

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 375.7 STRUCTURES AND IMPROVEMENTS - OTHER DISTRIBUTION SYSTEM
STRUCTURES

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL		GROSS SALVAGE		NET SALVAGE	
		AMOUNT	PCT	AMOUNT	PCT	AMOUNT	PCT
1969	10		0		0		0
1970	8,034	439	5	32	0	406-	5-
1971	608		0		0		0
1972							
1973				55		55	
1974							
1975							
1976							
1977							
1978	1,940		0		0		0
1979							
1980	3,198		0		0		0
1981							
1982	4,676		0		0		0
1983	4,069		0		0		0
1984	1,847		0		0		0
1985	5,972	136	2		0	136-	2-
1986	2,718		0		0		0
1987	4,176	2,400	57		0	2,400-	57-
1988	1,101		0		0		0
1989	290		0		0		0
1990	182		0		0		0
1991							
1992	10,901	200	2		0	200-	2-
1993	6,187		0		0		0
1994	423	98	23		0	98-	23-
1995	15,166	2,600	17		0	2,600-	17-
1996	37,916	7,129	19	23,558	62	16,429	43
1997		30				30-	
1998	292,458	2,892	1	214,000	73	211,108	72
1999							
2000	114,701	380	0	105,301	92	104,922	91
2001							
2002							
2003							
2004							
2005							
2006	53,682		0		0		0
2007		8,299		31,983		23,684	
2008							
2009							

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 375.7 STRUCTURES AND IMPROVEMENTS - OTHER DISTRIBUTION SYSTEM
STRUCTURES

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL		GROSS SALVAGE		NET SALVAGE	
		AMOUNT	PCT	AMOUNT	PCT	AMOUNT	PCT
2010							
2011							
2012							
2013							
2014							
2015							
TOTAL	570,256	24,602	4	374,930	66	350,328	61

THREE-YEAR MOVING AVERAGES

69-71	2,884	146	5	11	0	135-	5-
70-72	2,880	146	5	11	0	135-	5-
71-73	203		0	18	9	18	9
72-74				18		18	
73-75				18		18	
74-76							
75-77							
76-78	647		0		0		0
77-79	647		0		0		0
78-80	1,713		0		0		0
79-81	1,066		0		0		0
80-82	2,625		0		0		0
81-83	2,915		0		0		0
82-84	3,530		0		0		0
83-85	3,963	45	1		0	45-	1-
84-86	3,512	45	1		0	45-	1-
85-87	4,289	845	20		0	845-	20-
86-88	2,665	800	30		0	800-	30-
87-89	1,856	800	43		0	800-	43-
88-90	525		0		0		0
89-91	157		0		0		0
90-92	3,694	67	2		0	67-	2-
91-93	5,696	67	1		0	67-	1-
92-94	5,837	99	2		0	99-	2-
93-95	7,259	899	12		0	899-	12-
94-96	17,835	3,276	18	7,853	44	4,577	26
95-97	17,694	3,253	18	7,853	44	4,600	26
96-98	110,125	3,350	3	79,186	72	75,836	69
97-99	97,486	974	1	71,333	73	70,359	72
98-00	135,720	1,091	1	106,434	78	105,343	78

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 375.7 STRUCTURES AND IMPROVEMENTS - OTHER DISTRIBUTION SYSTEM
STRUCTURES

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL		GROSS SALVAGE		NET SALVAGE		
		AMOUNT	PCT	AMOUNT	PCT	AMOUNT	PCT	
THREE-YEAR MOVING AVERAGES								
99-01	38,234	127	0	35,100	92	34,974	91	
00-02	38,234	127	0	35,100	92	34,974	91	
01-03								
02-04								
03-05								
04-06	17,894		0		0		0	
05-07	17,894	2,766	15	10,661	60	7,895	44	
06-08	17,894	2,766	15	10,661	60	7,895	44	
07-09		2,766		10,661		7,895		
08-10								
09-11								
10-12								
11-13								
12-14								
13-15								

FIVE-YEAR AVERAGE

11-15

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 376 MAINS

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL		GROSS SALVAGE		NET SALVAGE	
		AMOUNT	PCT	AMOUNT	PCT	AMOUNT	PCT
1969	62,390	7,535	12	3,779	6	3,755-	6-
1970	78,867	12,711	16	1,714	2	10,998-	14-
1971	66,071	10,507	16	2,620	4	7,887-	12-
1972	156,266	13,540	9	75-	0	13,615-	9-
1973	123,505	11,351	9	1,180-	1-	12,531-	10-
1974	37,316	2,683	7	5,361	14	2,678	7
1975	58,110	2,751-	5-	415-	1-	2,336	4
1976	74,384	8,749	12	3,372	5	5,377-	7-
1977	78,698	8,355	11	882	1	7,473-	9-
1978	72,156	7,475	10	2,715-	4-	10,191-	14-
1979	99,728	9,551	10	4,606	5	4,945-	5-
1980	92,048	10,910	12	959	1	9,951-	11-
1981	91,288	12,759	14	658	1	12,101-	13-
1982	116,865	14,812	13	1,180	1	13,632-	12-
1983	106,092	19,234	18	2,479	2	16,755-	16-
1984	188,954	23,594	12	547	0	23,048-	12-
1985	171,466	21,909	13	4,010	2	17,900-	10-
1986	127,878	13,126	10	13,023-	10-	26,149-	20-
1987	185,129	21,791	12	7,048	4	14,743-	8-
1988	158,653	21,360	13	1,867-	1-	23,227-	15-
1989	164,717	15,103	9	1,967	1	13,136-	8-
1990	271,340	33,286	12	1,861	1	31,425-	12-
1991	290,524	29,232	10	4,542-	2-	33,774-	12-
1992	169,542	16,542	10	5,708-	3-	22,249-	13-
1993	242,200	26,742	11	6,940-	3-	33,682-	14-
1994	259,776	29,876	12	291	0	29,585-	11-
1995	169,669	29,182	17	3,189-	2-	32,371-	19-
1996	421,839	49,575	12	13,827-	3-	63,402-	15-
1997	375,842	55,823	15	997-	0	56,820-	15-
1998	652,014	63,122	10	3	0	63,119-	10-
1999	250,956	42,002	17		0	42,002-	17-
2000	466,046	54,335	12		0	54,335-	12-
2001	315,695	66,343	21	4,064-	1-	70,407-	22-
2002	260,394	32,872	13	6,276	2	26,595-	10-
2003	807,118	37,373	5		0	37,373-	5-
2004	2,023,544	218,273	11	3,000	0	215,273-	11-
2005	294,801	167,583	57		0	167,583-	57-
2006	168,669	16,575	10		0	16,575-	10-
2007	936,665	88,774	9		0	88,774-	9-
2008	896,714	87,460	10	1,125	0	86,335-	10-
2009	1,203,367	77,613	6	2,738	0	74,875-	6-
2010	274,330	66,694	24	1,700-	1-	68,394-	25-

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 376 MAINS

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL		GROSS SALVAGE		NET SALVAGE	
		AMOUNT	PCT	AMOUNT	PCT	AMOUNT	PCT
2011	369,511	220,128	60		0	220,128-	60-
2012	1,122,598	114,031	10		0	114,031-	10-
2013	641,621	228,885	36		0	228,885-	36-
2014	682,216	136,283	20		0	136,283-	20-
2015	254,796	128,915	51		0	128,915-	51-
TOTAL	16,132,367	2,381,823	15	3,767-	0	2,385,590-	15-

THREE-YEAR MOVING AVERAGES

69-71	69,109	10,251	15	2,704	4	7,547-	11-
70-72	100,401	12,253	12	1,419	1	10,833-	11-
71-73	115,281	11,799	10	455	0	11,345-	10-
72-74	105,696	9,191	9	1,369	1	7,823-	7-
73-75	72,977	3,761	5	1,255	2	2,506-	3-
74-76	56,603	2,894	5	2,773	5	121-	0
75-77	70,397	4,784	7	1,280	2	3,505-	5-
76-78	75,079	8,193	11	513	1	7,680-	10-
77-79	83,527	8,461	10	924	1	7,536-	9-
78-80	87,977	9,312	11	950	1	8,362-	10-
79-81	94,355	11,073	12	2,074	2	8,999-	10-
80-82	100,067	12,827	13	932	1	11,895-	12-
81-83	104,749	15,602	15	1,439	1	14,163-	14-
82-84	137,304	19,213	14	1,402	1	17,812-	13-
83-85	155,504	21,579	14	2,345	2	19,234-	12-
84-86	162,766	19,543	12	2,822-	2-	22,365-	14-
85-87	161,491	18,942	12	655-	0	19,597-	12-
86-88	157,220	18,759	12	2,614-	2-	21,373-	14-
87-89	169,500	19,418	11	2,382	1	17,036-	10-
88-90	198,237	23,250	12	654	0	22,596-	11-
89-91	242,194	25,874	11	238-	0	26,112-	11-
90-92	243,802	26,353	11	2,796-	1-	29,149-	12-
91-93	234,089	24,172	10	5,730-	2-	29,902-	13-
92-94	223,839	24,387	11	4,119-	2-	28,505-	13-
93-95	223,882	28,600	13	3,279-	1-	31,879-	14-
94-96	283,761	36,211	13	5,575-	2-	41,786-	15-
95-97	322,450	44,860	14	6,004-	2-	50,864-	16-
96-98	483,232	56,173	12	4,940-	1-	61,114-	13-
97-99	426,271	53,649	13	331-	0	53,981-	13-
98-00	456,339	53,153	12	1	0	53,152-	12-
99-01	344,233	54,227	16	1,355-	0	55,581-	16-
00-02	347,378	51,183	15	737	0	50,446-	15-

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 376 MAINS

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL AMOUNT	PCT	GROSS SALVAGE AMOUNT	PCT	NET SALVAGE AMOUNT	PCT
THREE-YEAR MOVING AVERAGES							
01-03	461,069	45,529	10	737	0	44,792-	10-
02-04	1,030,352	96,173	9	3,092	0	93,081-	9-
03-05	1,041,821	141,076	14	1,000	0	140,076-	13-
04-06	829,004	134,144	16	1,000	0	133,144-	16-
05-07	466,711	90,977	19		0	90,977-	19-
06-08	667,349	64,270	10	375	0	63,895-	10-
07-09	1,012,249	84,616	8	1,288	0	83,328-	8-
08-10	791,470	77,256	10	721	0	76,535-	10-
09-11	615,736	121,478	20	346	0	121,132-	20-
10-12	588,813	133,617	23	567-	0	134,184-	23-
11-13	711,243	187,681	26		0	187,681-	26-
12-14	815,478	159,733	20		0	159,733-	20-
13-15	526,211	164,694	31		0	164,694-	31-
FIVE-YEAR AVERAGE							
11-15	614,148	165,648	27		0	165,648-	27-

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNTS 378 AND 379.1 MEASURING AND REGULATING STATION EQUIPMENT

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL		GROSS SALVAGE		NET SALVAGE	
		AMOUNT	PCT	AMOUNT	PCT	AMOUNT	PCT
1969	8,290	1,434	17	2,438	29	1,005	12
1970	9,415	2,243	24	3,056	32	814	9
1971	19,169	3,999	21	3,675	19	324-	2-
1972	29,376	5,503	19	8,718	30	3,215	11
1973	21,265	4,367	21	7,090	33	2,723	13
1974	6,400	1,242	19	1,147	18	95-	1-
1975	12,592	1,064	8	725-	6-	1,789-	14-
1976	4,154	353	8	505	12	152	4
1977	2,254	644	29	301	13	343-	15-
1978	94		0		0		0
1979	27,307	657	2	1,553	6	897	3
1980	2,080	164	8	160	8	4-	0
1981	11,208	30	0	599	5	569	5
1982	21,965	3,959	18	2,077	9	1,882-	9-
1983	12,012	692	6	15	0	677-	6-
1984	18,116	2,792	15	456-	3-	3,247-	18-
1985	14,741	1,348	9	836-	6-	2,185-	15-
1986	16,510	1,632	10	257	2	1,375-	8-
1987	33,303	1,291	4	1,232	4	59-	0
1988	30,329	2,632	9	19,534	64	16,902	56
1989	12,217	2,315	19	1,014-	8-	3,329-	27-
1990	36,083	10,128	28	4,211	12	5,917-	16-
1991	51,285	4,505	9	4,182	8	323-	1-
1992	35,265	11,696	33	173	0	11,523-	33-
1993	32,473	5,451	17	944	3	4,508-	14-
1994	30,459	2,281	7	15	0	2,266-	7-
1995	4,979	1,224	25	34	1	1,190-	24-
1996	31,143	2,125	7	3	0	2,122-	7-
1997	2,254	286	13		0	286-	13-
1998	36,185	1,681	5	823	2	858-	2-
1999	105,463	4,373	4	40,872	39	36,499	35
2000	105,619	11,303	11	512	0	10,791-	10-
2001	7,899	411	5		0	411-	5-
2002	19,909	1,916	10		0	1,916-	10-
2003	6,450	1,427	22		0	1,427-	22-
2004	170,929	5,874	3	3,000	2	2,874-	2-
2005	3,767-	17,430	463-		0	17,430-	463
2006	14,416	10,062	70		0	10,062-	70-
2007	5,736	3,124	54		0	3,124-	54-
2008	36,738	7,675	21		0	7,675-	21-
2009	52,538	12,695	24		0	12,695-	24-
2010	28,842	9,406	33		0	9,406-	33-

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNTS 378 AND 379.1 MEASURING AND REGULATING STATION EQUIPMENT

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL		GROSS SALVAGE		NET SALVAGE	
		AMOUNT	PCT	AMOUNT	PCT	AMOUNT	PCT
2011	29,532	1,599	5		0	1,599-	5-
2012	59,882	12,677	21		0	12,677-	21-
2013	158,748	8,699	5		0	8,699-	5-
2014	92,659	36,168	39		0	36,168-	39-
2015	121,716	50,058	41		0	50,058-	41-
TOTAL	1,586,232	272,632	17	104,095	7	168,536-	11-

THREE-YEAR MOVING AVERAGES

69-71	12,291	2,558	21	3,056	25	498	4
70-72	19,320	3,915	20	5,150	27	1,235	6
71-73	23,270	4,623	20	6,494	28	1,871	8
72-74	19,014	3,704	19	5,652	30	1,948	10
73-75	13,419	2,224	17	2,504	19	280	2
74-76	7,716	886	11	309	4	577-	7-
75-77	6,334	687	11	27	0	660-	10-
76-78	2,168	332	15	269	12	64-	3-
77-79	9,885	434	4	618	6	185	2
78-80	9,827	274	3	571	6	298	3
79-81	13,532	283	2	771	6	487	4
80-82	11,751	1,384	12	945	8	439-	4-
81-83	15,062	1,560	10	897	6	664-	4-
82-84	17,364	2,481	14	545	3	1,936-	11-
83-85	14,956	1,611	11	426-	3-	2,036-	14-
84-86	16,456	1,924	12	345-	2-	2,269-	14-
85-87	21,518	1,424	7	217	1	1,206-	6-
86-88	26,714	1,852	7	7,008	26	5,156	19
87-89	25,283	2,079	8	6,584	26	4,505	18
88-90	26,209	5,025	19	7,577	29	2,552	10
89-91	33,195	5,649	17	2,460	7	3,189-	10-
90-92	40,877	8,776	21	2,855	7	5,921-	14-
91-93	39,674	7,217	18	1,766	4	5,451-	14-
92-94	32,732	6,476	20	377	1	6,099-	19-
93-95	22,637	2,986	13	331	1	2,655-	12-
94-96	22,194	1,877	8	17	0	1,859-	8-
95-97	12,792	1,212	9	12	0	1,199-	9-
96-98	23,194	1,364	6	275	1	1,088-	5-
97-99	47,967	2,113	4	13,898	29	11,785	25
98-00	82,423	5,786	7	14,069	17	8,284	10
99-01	72,994	5,362	7	13,795	19	8,433	12
00-02	44,476	4,543	10	171	0	4,373-	10-

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNTS 378 AND 379.1 MEASURING AND REGULATING STATION EQUIPMENT

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL AMOUNT	PCT	GROSS SALVAGE AMOUNT	PCT	NET SALVAGE AMOUNT	PCT
THREE-YEAR MOVING AVERAGES							
01-03	11,419	1,251	11		0	1,251-	11-
02-04	65,762	3,072	5	1,000	2	2,072-	3-
03-05	57,871	8,244	14	1,000	2	7,244-	13-
04-06	60,526	11,122	18	1,000	2	10,122-	17-
05-07	5,462	10,206	187		0	10,206-	187-
06-08	18,963	6,954	37		0	6,954-	37-
07-09	31,670	7,831	25		0	7,831-	25-
08-10	39,373	9,925	25		0	9,925-	25-
09-11	36,971	7,900	21		0	7,900-	21-
10-12	39,419	7,894	20		0	7,894-	20-
11-13	82,721	7,658	9		0	7,658-	9-
12-14	103,763	19,181	18		0	19,181-	18-
13-15	124,374	31,642	25		0	31,642-	25-
FIVE-YEAR AVERAGE							
11-15	92,508	21,840	24		0	21,840-	24-

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 380 SERVICES

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL		GROSS SALVAGE		NET SALVAGE	
		AMOUNT	PCT	AMOUNT	PCT	AMOUNT	PCT
1969	24,095	22,698	94	5,202	22	17,496-	73-
1970	31,599	14,438	46	8,510	27	5,928-	19-
1971	28,678	21,167	74	7,593	26	13,574-	47-
1972	35,178	23,523	67	4,027	11	19,496-	55-
1973	39,618	30,730	78	7,605	19	23,125-	58-
1974	19,530	31,786	163	7,291	37	24,495-	125-
1975	23,869	32,640	137	2,663	11	29,977-	126-
1976	27,900	39,419	141	5,841	21	33,577-	120-
1977	33,288	19,738	59	6,660	20	13,078-	39-
1978	40,500	20,358	50	379	1	19,979-	49-
1979	38,199	28,872	76	25-	0	28,897-	76-
1980	46,393	95,188	205	1,511-	3-	96,699-	208-
1981	45,798	109,023	238	153	0	108,870-	238-
1982	53,349	109,400	205	569	1	108,832-	204-
1983	35,692	91,355	256	1,166	3	90,188-	253-
1984	36,775	116,650	317	179	0	116,471-	317-
1985	39,852	121,120	304	15,030	38	106,090-	266-
1986	104,405	167,418	160	827-	1-	168,245-	161-
1987	35,726	162,863	456	589	2	162,274-	454-
1988	45,283	144,170	318	292-	1-	144,462-	319-
1989	81,605	154,861	190	2,106-	3-	156,968-	192-
1990	79,282	299,891	378	13,094-	17-	312,985-	395-
1991	121,326	329,214	271	24-	0	329,238-	271-
1992	43,696	80,303	184	222	1	80,081-	183-
1993	208,541	404,466	194		0	404,466-	194-
1994	492,973	241,788	49	1,321	0	240,467-	49-
1995	749,852	272,292	36	1	0	272,291-	36-
1996	474,713	237,272	50	1,607	0	235,665-	50-
1997	634,392	271,629	43	2,561	0	269,068-	42-
1998	604,594	251,589	42	2,235	0	249,353-	41-
1999	577,281	280,444	49	1,363	0	279,081-	48-
2000	769,118	360,891	47	2,695	0	358,196-	47-
2001	758,487	590,727	78	2,429	0	588,299-	78-
2002	761,027	690,300	91	1,322	0	688,978-	91-
2003	875,521	378,740	43	1,763	0	376,977-	43-
2004	995,384	721,384-	72-		0	721,384	72
2005	560,561	1,079,726	193		0	1,079,726-	193-
2006	647,852	537,539	83		0	537,539-	83-
2007	637,998	351,280	55		0	351,280-	55-
2008	515,199	278,141	54		0	278,141-	54-
2009	1,102,820	469,567	43		0	469,567-	43-
2010	458,268	239,572	52		0	239,572-	52-

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 380 SERVICES

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL		GROSS SALVAGE		NET SALVAGE	
		AMOUNT	PCT	AMOUNT	PCT	AMOUNT	PCT
2011	953,208	495,262	52		0	495,262-	52-
2012	1,080,801	559,308	52		0	559,308-	52-
2013	850,820	661,643	78		0	661,643-	78-
2014	793,609	634,337	80		0	634,337-	80-
2015	748,951	744,450	99		0	744,450-	99-
TOTAL	17,363,608	11,576,403	67	73,097	0	11,503,306-	66-

THREE-YEAR MOVING AVERAGES

69-71	28,124	19,435	69	7,102	25	12,333-	44-
70-72	31,819	19,709	62	6,710	21	12,999-	41-
71-73	34,491	25,140	73	6,408	19	18,732-	54-
72-74	31,442	28,679	91	6,307	20	22,372-	71-
73-75	27,672	31,718	115	5,853	21	25,865-	93-
74-76	23,766	34,615	146	5,265	22	29,350-	123-
75-77	28,352	30,599	108	5,055	18	25,544-	90-
76-78	33,896	26,505	78	4,293	13	22,212-	66-
77-79	37,329	22,989	62	2,338	6	20,651-	55-
78-80	41,697	48,139	115	386-	1-	48,525-	116-
79-81	43,463	77,694	179	461-	1-	78,155-	180-
80-82	48,513	104,537	215	263-	1-	104,800-	216-
81-83	44,946	103,259	230	629	1	102,630-	228-
82-84	41,939	105,801	252	638	2	105,163-	251-
83-85	37,440	109,708	293	5,459	15	104,250-	278-
84-86	60,344	135,063	224	4,794	8	130,269-	216-
85-87	59,994	150,467	251	4,931	8	145,536-	243-
86-88	61,805	158,151	256	177-	0	158,327-	256-
87-89	54,205	153,965	284	603-	1-	154,568-	285-
88-90	68,724	199,641	290	5,164-	8-	204,805-	298-
89-91	94,071	261,322	278	5,075-	5-	266,397-	283-
90-92	81,435	236,469	290	4,298-	5-	240,768-	296-
91-93	124,521	271,328	218	66	0	271,261-	218-
92-94	248,403	242,186	97	514	0	241,671-	97-
93-95	483,789	306,182	63	441	0	305,741-	63-
94-96	572,513	250,451	44	976	0	249,475-	44-
95-97	619,653	260,398	42	1,390	0	259,008-	42-
96-98	571,233	253,497	44	2,135	0	251,362-	44-
97-99	605,422	267,887	44	2,053	0	265,834-	44-
98-00	650,331	297,641	46	2,098	0	295,543-	45-
99-01	701,629	410,687	59	2,162	0	408,525-	58-
00-02	762,877	547,306	72	2,148	0	545,157-	71-

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 380 SERVICES

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL AMOUNT	PCT	GROSS SALVAGE AMOUNT	PCT	NET SALVAGE AMOUNT	PCT
THREE-YEAR MOVING AVERAGES							
01-03	798,345	553,256	69	1,838	0	551,418-	69-
02-04	877,311	115,885	13	1,028	0	114,857-	13-
03-05	810,489	245,694	30	588	0	245,106-	30-
04-06	734,599	298,627	41		0	298,627-	41-
05-07	615,470	656,182	107		0	656,182-	107-
06-08	600,350	388,987	65		0	388,987-	65-
07-09	752,006	366,329	49		0	366,329-	49-
08-10	692,096	329,093	48		0	329,093-	48-
09-11	838,099	401,467	48		0	401,467-	48-
10-12	830,759	431,381	52		0	431,381-	52-
11-13	961,610	572,071	59		0	572,071-	59-
12-14	908,410	618,430	68		0	618,430-	68-
13-15	797,793	680,143	85		0	680,143-	85-
FIVE-YEAR AVERAGE							
11-15	885,478	619,000	70		0	619,000-	70-

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 381 METERS

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL		GROSS SALVAGE		NET SALVAGE	
		AMOUNT	PCT	AMOUNT	PCT	AMOUNT	PCT
1969	62,143	5,712	9	10,143	16	4,431	7
1970	57,467	4,901	9	6,048	11	1,148	2
1971	49,004	5,047	10	6,781	14	1,734	4
1972	32,254	4,435	14	525-	2-	4,960-	15-
1973	21,448	3,180	15	10,060	47	6,879	32
1974				405-		405-	
1975	19,011	2,308	12	4,613	24	2,305	12
1976	12,838	3,873	30	12,619	98	8,746	68
1977	77,400	4,069	5		0	4,069-	5-
1978	36,556	4,285	12	29	0	4,256-	12-
1979	47,730	9,819	21	26	0	9,793-	21-
1980	53,094	10,505	20		0	10,505-	20-
1981	35,140	7,767	22		0	7,767-	22-
1982	65,354	1,859	3	138	0	1,721-	3-
1983	53,304	1,056	2	1,814	3	759	1
1984	53,698	371-	1-		0	371	1
1985	63,264	1,850-	3-	899	1	2,749	4
1986	92,274	56	0	9,246	10	9,190	10
1987	73,194		0	9,932	14	9,932	14
1988	69,492		0	5,903	8	5,903	8
1989	52,234	781	1	6,493	12	5,712	11
1990	63,650	4,237	7	7,546	12	3,309	5
1991	80,921	4,292	5	10,005	12	5,713	7
1992	95,093	3,730	4	9,168	10	5,438	6
1993	80,301	3,298	4		0	3,298-	4-
1994	133,315	6,187	5	2,758	2	3,429-	3-
1995	103,961	5,828	6	4,017	4	1,811-	2-
1996	83,689	7,137	9	653	1	6,484-	8-
1997	91,624	523	1	254	0	268-	0
1998	103,204		0	433	0	433	0
1999	125,820		0	350	0	350	0
2000				157		157	
2001	211,021		0	966	0	966	0
2002	220,188		0	525	0	525	0
2003	335,975		0	192	0	192	0
2004	281,724		0	13,445	5	13,445	5
2005	44,057		0	920-	2-	920-	2-
2006	20,532		0		0		0
2007	177,744		0		0		0
2008	156,470		0	9,930	6	9,930	6
2009	485,480	10,018-	2-	84,022	17	94,040	19
2010	242,092	1	0	7,582	3	7,581	3

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 381 METERS

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL		GROSS SALVAGE		NET SALVAGE	
		AMOUNT	PCT	AMOUNT	PCT	AMOUNT	PCT
2011	285,685	1,818	1		0	1,818-	1-
2012	232,999	877	0	10,951	5	10,074	4
2013	160,707	2,610-	2-	29,666	18	32,276	20
2014	162,431	1,413	1	3,303	2	1,890	1
2015	171,758	31	0		0	31-	0
TOTAL	5,177,339	94,177	2	278,820	5	184,643	4

THREE-YEAR MOVING AVERAGES

69-71	56,205	5,220	9	7,657	14	2,437	4
70-72	46,242	4,794	10	4,101	9	693-	1-
71-73	34,236	4,221	12	5,438	16	1,218	4
72-74	17,901	2,538	14	3,043	17	505	3
73-75	13,487	1,829	14	4,756	35	2,926	22
74-76	10,617	2,060	19	5,609	53	3,549	33
75-77	36,416	3,417	9	5,744	16	2,328	6
76-78	42,265	4,076	10	4,216	10	140	0
77-79	53,895	6,058	11	18	0	6,039-	11-
78-80	45,794	8,203	18	18	0	8,185-	18-
79-81	45,321	9,364	21	9	0	9,355-	21-
80-82	51,196	6,711	13	46	0	6,665-	13-
81-83	51,266	3,561	7	651	1	2,910-	6-
82-84	57,452	848	1	651	1	197-	0
83-85	56,755	388-	1-	904	2	1,293	2
84-86	69,745	721-	1-	3,382	5	4,103	6
85-87	76,244	598-	1-	6,692	9	7,290	10
86-88	78,320	19	0	8,361	11	8,342	11
87-89	64,973	260	0	7,443	11	7,182	11
88-90	61,792	1,673	3	6,648	11	4,975	8
89-91	65,602	3,104	5	8,015	12	4,911	7
90-92	79,888	4,086	5	8,907	11	4,820	6
91-93	85,438	3,773	4	6,391	7	2,618	3
92-94	102,903	4,405	4	3,975	4	430-	0
93-95	105,859	5,104	5	2,258	2	2,846-	3-
94-96	106,988	6,384	6	2,476	2	3,908-	4-
95-97	93,091	4,496	5	1,642	2	2,854-	3-
96-98	92,839	2,553	3	447	0	2,106-	2-
97-99	106,882	174	0	346	0	172	0
98-00	76,341		0	313	0	313	0
99-01	112,280		0	491	0	491	0
00-02	143,736		0	549	0	549	0

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 381 METERS

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL AMOUNT	PCT	GROSS SALVAGE AMOUNT	PCT	NET SALVAGE AMOUNT	PCT
THREE-YEAR MOVING AVERAGES							
01-03	255,728		0	561	0	561	0
02-04	279,295		0	4,721	2	4,721	2
03-05	220,585		0	4,239	2	4,239	2
04-06	115,438		0	4,175	4	4,175	4
05-07	80,778		0	307-	0	307-	0
06-08	118,248		0	3,310	3	3,310	3
07-09	273,231	3,339-	1-	31,317	11	34,657	13
08-10	294,680	3,339-	1-	33,845	11	37,184	13
09-11	337,752	2,733-	1-	30,535	9	33,268	10
10-12	253,592	898	0	6,178	2	5,279	2
11-13	226,464	28	0	13,539	6	13,511	6
12-14	185,379	107-	0	14,640	8	14,747	8
13-15	164,966	388-	0	10,990	7	11,378	7
FIVE-YEAR AVERAGE							
11-15	202,716	306	0	8,784	4	8,478	4

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 382 METER INSTALLATIONS

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL		GROSS SALVAGE		NET SALVAGE	
		AMOUNT	PCT	AMOUNT	PCT	AMOUNT	PCT
1969	3,097	1,349	44	96	3	1,253-	40-
1970	7,525	1,287	17	501	7	786-	10-
1971	16,814	1,485	9	218	1	1,267-	8-
1972	11,241	820	7	144	1	676-	6-
1973	4,754	652	14	14	0	639-	13-
1974	5,802	330	6	16	0	314-	5-
1975	5,554	705	13	694	12	11-	0
1976	7,602	571	8	137	2	434-	6-
1977	5,467	259	5	21	0	237-	4-
1978	5,648	470	8	150	3	320-	6-
1979	1,764	1,937	110	802	45	1,135-	64-
1980	1,784	740	41		0	740-	41-
1981	2,082	1,601	77	1	0	1,600-	77-
1982	2,253	2,617	116	580	26	2,037-	90-
1983	4,631	2,373	51	172	4	2,202-	48-
1984	6,942	2,431	35	118	2	2,313-	33-
1985	6,237	2,094	34	600	10	1,494-	24-
1986	10,763	2,842	26	417	4	2,425-	23-
1987	7,427	1,877	25	273	4	1,604-	22-
1988	6,043	697	12	373	6	324-	5-
1989	6,886	865	13	603	9	263-	4-
1990	7,122	631	9	55	1	575-	8-
1991	12,358	562	5	62	1	500-	4-
1992	2,548		0	277	11	277	11
1993	16,750	739	4	58	0	681-	4-
1994	4,375	1,714	39	58	1	1,656-	38-
1995	16,762	195	1	3	0	192-	1-
1996	46,091	521	1	33	0	488-	1-
1997	54,364	328	1	266	0	62-	0
1998	76,370	1,324	2	27	0	1,297-	2-
1999	40,447	1,044	3	178	0	867-	2-
2000	30,913	379	1	52	0	327-	1-
2001	26,401	4	0	295	1	291	1
2002	21,759	1	0	93	0	92	0
2003	62,815	472	1	117	0	355-	1-
2004	48,981	181	0	170	0	12-	0
2005	29,225	25,516	87		0	25,516-	87-
2006	33,948	107	0		0	107-	0
2007	46,912	16	0		0	16-	0
2008	75,055	25	0		0	25-	0
2009	83,716		0		0		0
2010	41,856	9	0		0	9-	0

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 382 METER INSTALLATIONS

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL		GROSS SALVAGE		NET SALVAGE	
		AMOUNT	PCT	AMOUNT	PCT	AMOUNT	PCT
2011	43,793		0		0		0
2012	24,517		0		0		0
2013	1,181		0		0		0
2014							
2015							
TOTAL	978,574	61,773	6	7,671	1	54,101-	6-

THREE-YEAR MOVING AVERAGES

69-71	9,145	1,374	15	272	3	1,102-	12-
70-72	11,860	1,197	10	288	2	910-	8-
71-73	10,936	986	9	125	1	861-	8-
72-74	7,266	601	8	58	1	543-	7-
73-75	5,370	562	10	241	4	321-	6-
74-76	6,320	535	8	282	4	253-	4-
75-77	6,208	512	8	284	5	228-	4-
76-78	6,239	433	7	103	2	331-	5-
77-79	4,293	889	21	324	8	564-	13-
78-80	3,066	1,049	34	317	10	732-	24-
79-81	1,877	1,426	76	268	14	1,159-	62-
80-82	2,040	1,653	81	194	9	1,459-	72-
81-83	2,989	2,197	74	251	8	1,946-	65-
82-84	4,608	2,474	54	290	6	2,184-	47-
83-85	5,937	2,300	39	297	5	2,003-	34-
84-86	7,981	2,456	31	378	5	2,078-	26-
85-87	8,142	2,271	28	430	5	1,841-	23-
86-88	8,078	1,805	22	354	4	1,451-	18-
87-89	6,786	1,146	17	416	6	730-	11-
88-90	6,684	731	11	343	5	388-	6-
89-91	8,789	686	8	240	3	446-	5-
90-92	7,342	397	5	131	2	266-	4-
91-93	10,552	433	4	132	1	301-	3-
92-94	7,891	817	10	131	2	687-	9-
93-95	12,629	882	7	40	0	843-	7-
94-96	22,409	810	4	32	0	778-	3-
95-97	39,072	348	1	101	0	247-	1-
96-98	58,941	724	1	109	0	616-	1-
97-99	57,060	899	2	157	0	742-	1-
98-00	49,243	916	2	86	0	830-	2-
99-01	32,587	476	1	175	1	301-	1-
00-02	26,358	128	0	147	1	19	0

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 382 METER INSTALLATIONS

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL AMOUNT	PCT	GROSS SALVAGE AMOUNT	PCT	NET SALVAGE AMOUNT	PCT
THREE-YEAR MOVING AVERAGES							
01-03	36,992	159	0	168	0	9	0
02-04	44,518	218	0	127	0	91-	0
03-05	47,007	8,723	19	96	0	8,627-	18-
04-06	37,385	8,601	23	57	0	8,545-	23-
05-07	36,695	8,546	23		0	8,546-	23-
06-08	51,972	49	0		0	49-	0
07-09	68,561	14	0		0	14-	0
08-10	66,876	11	0		0	11-	0
09-11	56,455	3	0		0	3-	0
10-12	36,722	3	0		0	3-	0
11-13	23,164		0		0		0
12-14	8,566		0		0		0
13-15	394		0		0		0
FIVE-YEAR AVERAGE							
11-15	13,898		0		0		0

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 383 HOUSE REGULATORS

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL		GROSS SALVAGE		NET SALVAGE	
		AMOUNT	PCT	AMOUNT	PCT	AMOUNT	PCT
1969	2,388	55	2	1,151	48	1,095	46
1970	2,528	43	2	1,902	75	1,858	74
1971	1,499		0	718	48	718	48
1972	1,647		0	1,006	61	1,006	61
1973	1,223		0	304	25	304	25
1974	1,460	256	18	115	8	140-	10-
1975	1,161	232	20	83	7	149-	13-
1976	2,145	590	27	334	16	255-	12-
1977	1,724	372	22	446	26	74	4
1978	2,370	230	10	346-	15-	577-	24-
1979	2,712	308	11	147	5	161-	6-
1980	2,975	230	8	227	8	3-	0
1981	4,175	690	17	640	15	49-	1-
1982	9,307	3,928	42	1,309	14	2,619-	28-
1983	7,595	2,809	37	775	10	2,034-	27-
1984	9,540	4,037	42	1,005	11	3,032-	32-
1985	10,709	2,049	19	264	2	1,785-	17-
1986	20,809	2,135	10	324-	2-	2,459-	12-
1987	7,894	2,077	26	23	0	2,054-	26-
1988	7,942	1,640	21	1,160	15	479-	6-
1989	7,806	1,036	13	601	8	435-	6-
1990	6,760	377	6	822-	12-	1,199-	18-
1991	8,381	877	10	215	3	662-	8-
1992	2,313	74	3	78	3	5	0
1993	13,067	983	8	59	0	923-	7-
1994	4,484	624	14	794	18	171	4
1995	3,921	49	1	7	0	42-	1-
1996	8,733	198	2	310	4	112	1
1997	8,699	33	0		0	33-	0
1998	13,835	91	1	1-	0	91-	1-
1999	5,000	67	1	156	3	89	2
2000	3,975	208	5	13	0	194-	5-
2001	2,607	49	2	544	21	495	19
2002	5,363		0	18	0	18	0
2003	6,449		0	615	10	615	10
2004	3,346	81-	2-	26	1	107	3
2005	3,551	13	0		0	13-	0
2006	3,783	25	1		0	25-	1-
2007	5,604		0		0		0
2008	7,981		0		0		0
2009	11,528		0		0		0
2010	4,245	9	0		0	9-	0

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 383 HOUSE REGULATORS

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL		GROSS SALVAGE		NET SALVAGE	
		AMOUNT	PCT	AMOUNT	PCT	AMOUNT	PCT
2011	4,306		0		0		0
2012	3,520		0		0		0
2013							
2014							
2015							
TOTAL	251,057	26,312	10	13,558	5	12,754-	5-

THREE-YEAR MOVING AVERAGES

69-71	2,138	33	2	1,257	59	1,224	57
70-72	1,891	14	1	1,209	64	1,194	63
71-73	1,456		0	676	46	676	46
72-74	1,443	85	6	475	33	390	27
73-75	1,281	163	13	167	13	5	0
74-76	1,589	359	23	178	11	182-	11-
75-77	1,677	398	24	288	17	110-	7-
76-78	2,080	397	19	145	7	253-	12-
77-79	2,268	303	13	82	4	221-	10-
78-80	2,685	256	10	9	0	247-	9-
79-81	3,287	409	12	338	10	71-	2-
80-82	5,486	1,616	29	725	13	890-	16-
81-83	7,026	2,476	35	908	13	1,567-	22-
82-84	8,814	3,591	41	1,030	12	2,561-	29-
83-85	9,281	2,965	32	682	7	2,283-	25-
84-86	13,686	2,740	20	315	2	2,425-	18-
85-87	13,137	2,087	16	12-	0	2,099-	16-
86-88	12,215	1,951	16	287	2	1,664-	14-
87-89	7,880	1,584	20	595	8	990-	13-
88-90	7,502	1,018	14	313	4	704-	9-
89-91	7,649	764	10	2-	0	765-	10-
90-92	5,818	443	8	176-	3-	619-	11-
91-93	7,920	645	8	118	1	527-	7-
92-94	6,622	560	8	311	5	249-	4-
93-95	7,158	552	8	287	4	265-	4-
94-96	5,713	290	5	371	6	80	1
95-97	7,118	93	1	106	1	12	0
96-98	10,422	107	1	103	1	4-	0
97-99	9,178	63	1	52	1	12-	0
98-00	7,603	122	2	56	1	65-	1-
99-01	3,861	108	3	238	6	130	3
00-02	3,982	86	2	192	5	106	3

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 383 HOUSE REGULATORS

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL		GROSS SALVAGE		NET SALVAGE	
		AMOUNT	PCT	AMOUNT	PCT	AMOUNT	PCT
THREE-YEAR MOVING AVERAGES							
01-03	4,806	17	0	393	8	376	8
02-04	5,053	27-	1-	220	4	247	5
03-05	4,448	23-	1-	214	5	237	5
04-06	3,560	14-	0	9	0	23	1
05-07	4,313	13	0		0	13-	0
06-08	5,789	8	0		0	8-	0
07-09	8,371		0		0		0
08-10	7,918	3	0		0	3-	0
09-11	6,693	3	0		0	3-	0
10-12	4,024	3	0		0	3-	0
11-13	2,609		0		0		0
12-14	1,173		0		0		0
13-15							
FIVE-YEAR AVERAGE							
11-15	1,565		0		0		0

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 384 HOUSE REGULATOR INSTALLATIONS

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL		GROSS SALVAGE		NET SALVAGE	
		AMOUNT	PCT	AMOUNT	PCT	AMOUNT	PCT
1969	1,178	292	25	415	35	123	10
1970	689	543	79	241	35	302-	44-
1971	2,226	230	10	652	29	422	19
1972	1,246	71	6	21-	2-	93-	7-
1973	806	673	83		0	673-	83-
1974	532	104	20	69	13	35-	7-
1975	530	100	19	40	7	60-	11-
1976	1,000		0		0		0
1977	1,302		0		0		0
1978	1,613		0		0		0
1979	1,897		0		0		0
1980	1,648	50	3		0	50-	3-
1981	2,502		0		0		0
1982	5,669		0		0		0
1983	2,649		0		0		0
1984	3,147		0		0		0
1985	4,208		0		0		0
1986	8,429		0		0		0
1987	5,345		0		0		0
1988	5,245		0	50-	1-	50-	1-
1989	4,891		0		0		0
1990	4,139		0		0		0
1991	4,555		0		0		0
1992	1,022		0		0		0
1993	8,983	46	1		0	46-	1-
1994	2,017		0		0		0
1995	5,501	97	2	8	0	89-	2-
1996	14,880	225	2		0	224-	2-
1997	18,337	71	0		0	71-	0
1998	29,430	250	1		0	250-	1-
1999	13,904	88	1		0	88-	1-
2000	7,778	800	10		0	800-	10-
2001	6,389	222	3		0	222-	3-
2002	7,251		0		0		0
2003	3,031		0		0		0
2004	65	70	107		0	70-	107-
2005	22,964		0		0		0
2006	133,085		0		0		0
2007	31,296		0		0		0
2008	123,201-	24	0		0	24-	0
2009	30,520		0		0		0
2010	7,981	1	0		0	1-	0

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 384 HOUSE REGULATOR INSTALLATIONS

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL		GROSS SALVAGE		NET SALVAGE	
		AMOUNT	PCT	AMOUNT	PCT	AMOUNT	PCT
2011	7,223		0		0		0
2012							
2013							
2014							
2015							
TOTAL	293,904	3,958	1	1,353	0	2,605-	1-

THREE-YEAR MOVING AVERAGES

69-71	1,364	355	26	436	32	81	6
70-72	1,387	282	20	290	21	9	1
71-73	1,426	325	23	210	15	115-	8-
72-74	861	283	33	16	2	267-	31-
73-75	623	292	47	36	6	256-	41-
74-76	687	68	10	36	5	32-	5-
75-77	944	33	4	13	1	20-	2-
76-78	1,305		0		0		0
77-79	1,604		0		0		0
78-80	1,720	17	1		0	17-	1-
79-81	2,016	17	1		0	17-	1-
80-82	3,273	17	1		0	17-	1-
81-83	3,607		0		0		0
82-84	3,822		0		0		0
83-85	3,335		0		0		0
84-86	5,261		0		0		0
85-87	5,994		0		0		0
86-88	6,340		0	17-	0	17-	0
87-89	5,160		0	17-	0	17-	0
88-90	4,758		0	17-	0	17-	0
89-91	4,528		0		0		0
90-92	3,239		0		0		0
91-93	4,853	15	0		0	15-	0
92-94	4,007	15	0		0	15-	0
93-95	5,500	48	1	3	0	45-	1-
94-96	7,466	107	1	3	0	105-	1-
95-97	12,906	131	1	3	0	128-	1-
96-98	20,882	182	1		0	182-	1-
97-99	20,557	136	1		0	136-	1-
98-00	17,037	379	2		0	379-	2-
99-01	9,357	370	4		0	370-	4-
00-02	7,140	341	5		0	341-	5-

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 384 HOUSE REGULATOR INSTALLATIONS

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL AMOUNT	PCT	GROSS SALVAGE AMOUNT	PCT	NET SALVAGE AMOUNT	PCT
THREE-YEAR MOVING AVERAGES							
01-03	5,557	74	1	0		74-	1-
02-04	3,449	23	1	0		23-	1-
03-05	8,687	23	0	0		23-	0
04-06	52,038	23	0	0		23-	0
05-07	62,448		0	0			0
06-08	13,727	8	0	0		8-	0
07-09	20,462-	8	0	0		8-	0
08-10	28,233-	8	0	0		8-	0
09-11	15,241		0	0			0
10-12	5,068		0	0			0
11-13	2,408		0	0			0
12-14							
13-15							
FIVE-YEAR AVERAGE							
11-15	1,445		0	0			0

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 385 INDUSTRIAL MEASURING AND REGULATING STATION EQUIPMENT

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL		GROSS SALVAGE		NET SALVAGE	
		AMOUNT	PCT	AMOUNT	PCT	AMOUNT	PCT
1969	4,399	672	15	1,256	29	584	13
1970	22,773	4,342	19	9,780	43	5,438	24
1971	25,135	4,197	17	13,522	54	9,325	37
1972	9,083	968	11	3,856	42	2,888	32
1973	7,805	1,164	15	3,601	46	2,436	31
1974	6,409	48	1	1,998-	31-	2,046-	32-
1975	8,153	705	9	2,035	25	1,329	16
1976	7,629	2,502	33	1,703	22	798-	10-
1977	2,651	159	6	2	0	157-	6-
1978	10,509	379	4	256	2	123-	1-
1979	5,697	485	9	114	2	371-	7-
1980	8,037	811-	10-	2,151	27	2,962	37
1981	10,187	551	5	481	5	70-	1-
1982	4,975	90-	2-	3,187	64	3,277	66
1983	11,659	2,508	22	2,786	24	278	2
1984	12,619	1,048	8	199	2	850-	7-
1985	6,964	671	10	155-	2-	826-	12-
1986	29,018	2,240	8	2,249	8	9	0
1987	17,825	1,749	10	691	4	1,058-	6-
1988	15,948	6,558	41	337	2	6,222-	39-
1989	5,159	1,737	34	10	0	1,726-	33-
1990	5,753	2,039	35	1,130	20	909-	16-
1991	4,856	948	20	5	0	943-	19-
1992	3,096	772	25	5	0	767-	25-
1993	39,438	231-	1-	10,477	27	10,708	27
1994	14,773	3,344	23	6	0	3,338-	23-
1995	37,665	2,521	7		0	2,521-	7-
1996	33,120	4,632	14		0	4,632-	14-
1997	23,607	1,083	5		0	1,083-	5-
1998	28,392	624	2	1,696	6	1,072	4
1999	23,983	2,516	10	1	0	2,516-	10-
2000	121,588	12,513	10		0	12,513-	10-
2001	27,180	2,012	7		0	2,012-	7-
2002	3,521	236	7		0	236-	7-
2003	57,867	2,202	4		0	2,202-	4-
2004	130,180	7,110	5		0	7,110-	5-
2005	107,077	4,407	4		0	4,407-	4-
2006	14,751	2,384	16		0	2,384-	16-
2007	43,360	3,682	8	1,475	3	2,207-	5-
2008	73,551	9,658	13		0	9,658-	13-
2009	38,322	12,147	32		0	12,147-	32-
2010	22,088	539	2		0	539-	2-

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 385 INDUSTRIAL MEASURING AND REGULATING STATION EQUIPMENT

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL		GROSS SALVAGE		NET SALVAGE	
		AMOUNT	PCT	AMOUNT	PCT	AMOUNT	PCT
2011	63,482	3,479	5		0	3,479-	5-
2012	74,082	4,195	6		0	4,195-	6-
2013	88,829	8,025	9		0	8,025-	9-
2014	80,445	10,530	13		0	10,530-	13-
2015	69,338	10,173	15		0	10,173-	15-
TOTAL	1,462,980	143,322	10	60,855	4	82,467-	6-

THREE-YEAR MOVING AVERAGES

69-71	17,436	3,070	18	8,186	47	5,116	29
70-72	18,997	3,169	17	9,052	48	5,884	31
71-73	14,008	2,110	15	6,993	50	4,883	35
72-74	7,766	727	9	1,819	23	1,093	14
73-75	7,456	639	9	1,212	16	573	8
74-76	7,397	1,085	15	580	8	505-	7-
75-77	6,145	1,122	18	1,247	20	125	2
76-78	6,930	1,013	15	654	9	360-	5-
77-79	6,286	341	5	124	2	217-	3-
78-80	8,081	18	0	840	10	823	10
79-81	7,974	75	1	915	11	840	11
80-82	7,733	117-	2-	1,940	25	2,056	27
81-83	8,941	990	11	2,151	24	1,162	13
82-84	9,751	1,155	12	2,057	21	902	9
83-85	10,414	1,409	14	943	9	466-	4-
84-86	16,200	1,319	8	764	5	556-	3-
85-87	17,936	1,553	9	928	5	625-	3-
86-88	20,930	3,516	17	1,092	5	2,424-	12-
87-89	12,977	3,348	26	346	3	3,002-	23-
88-90	8,953	3,445	38	492	5	2,952-	33-
89-91	5,256	1,575	30	382	7	1,193-	23-
90-92	4,568	1,253	27	380	8	873-	19-
91-93	15,797	496	3	3,496	22	2,999	19
92-94	19,102	1,295	7	3,496	18	2,201	12
93-95	30,626	1,878	6	3,494	11	1,616	5
94-96	28,520	3,499	12	2	0	3,497-	12-
95-97	31,464	2,746	9		0	2,746-	9-
96-98	28,373	2,113	7	565	2	1,548-	5-
97-99	25,328	1,408	6	566	2	842-	3-
98-00	57,988	5,218	9	566	1	4,652-	8-
99-01	57,584	5,680	10		0	5,680-	10-
00-02	50,763	4,920	10		0	4,920-	10-

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 385 INDUSTRIAL MEASURING AND REGULATING STATION EQUIPMENT

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL AMOUNT	PCT	GROSS SALVAGE AMOUNT	PCT	NET SALVAGE AMOUNT	PCT
THREE-YEAR MOVING AVERAGES							
01-03	29,523	1,483	5		0	1,483-	5-
02-04	63,856	3,183	5		0	3,183-	5-
03-05	98,375	4,573	5		0	4,573-	5-
04-06	84,003	4,634	6		0	4,634-	6-
05-07	55,063	3,491	6	492	1	2,999-	5-
06-08	43,887	5,241	12	492	1	4,750-	11-
07-09	51,745	8,496	16	492	1	8,004-	15-
08-10	44,654	7,448	17		0	7,448-	17-
09-11	41,297	5,388	13		0	5,388-	13-
10-12	53,217	2,737	5		0	2,737-	5-
11-13	75,464	5,233	7		0	5,233-	7-
12-14	81,118	7,584	9		0	7,584-	9-
13-15	79,537	9,576	12		0	9,576-	12-
FIVE-YEAR AVERAGE							
11-15	75,235	7,281	10		0	7,281-	10-

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 387.4 OTHER EQUIPMENT - CUSTOMER INFORMATION SERVICES

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL		GROSS SALVAGE		NET SALVAGE	
		AMOUNT	PCT	AMOUNT	PCT	AMOUNT	PCT
1969	2,119	54	3		0	54-	3-
1970	1,567	30	2	300	19	270	17
1971	2,710	32	1	498	18	466	17
1972							
1973	519	17	3	372	72	355	68
1974	1,444	88	6	90	6	2	0
1975	12,219	687	6	33	0	654-	5-
1976							
1977	4,258	339	8	200	5	139-	3-
1978	3,169	97	3	320	10	223	7
1979							
1980	13,211	1,239	9	75	1	1,165-	9-
1981	4,438	71	2		0	71-	2-
1982	760	154	20		0	154-	20-
1983							
1984	840	371	44		0	371-	44-
1985	333		0		0		0
1986	601	130	22		0	130-	22-
1987	45,879	79	0		0	79-	0
1988	136		0		0		0
1989	9,676	624	6		0	624-	6-
1990	2,368	337	14		0	337-	14-
1991	49,708	628	1	4,040	8	3,412	7
1992	23,997	669	3		0	669-	3-
1993	730	844	116		0	844-	116-
1994							
1995							
1996	1,185		0		0		0
1997							
1998	12,557	2,992	24	123,716	985	120,723	961
1999	5,650	127	2		0	127-	2-
2000	9,936	1,230	12		0	1,230-	12-
2001							
2002							
2003							
2004	30,370	7,026	23		0	7,026-	23-
2005	49,606	2,722	5		0	2,722-	5-
2006							
2007							
2008	1,015-		0		0		0
2009							
2010							

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 387.4 OTHER EQUIPMENT - CUSTOMER INFORMATION SERVICES

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL		GROSS SALVAGE		NET SALVAGE	
		AMOUNT	PCT	AMOUNT	PCT	AMOUNT	PCT
2011	7,471		0		0		0
2012	12,213	727	6		0	727-	6-
2013	214,158		0		0		0
2014	47,886	9,383	20		0	9,383-	20-
2015	48,376		0		0		0
TOTAL	619,072	30,699	5	129,643	21	98,944	16

THREE-YEAR MOVING AVERAGES

69-71	2,132	39	2	266	12	227	11
70-72	1,426	21	1	266	19	245	17
71-73	1,076	17	2	290	27	274	25
72-74	654	35	5	154	24	119	18
73-75	4,727	264	6	165	3	99-	2-
74-76	4,554	258	6	41	1	217-	5-
75-77	5,492	342	6	78	1	264-	5-
76-78	2,476	145	6	173	7	28	1
77-79	2,476	145	6	173	7	28	1
78-80	5,460	445	8	131	2	314-	6-
79-81	5,883	437	7	25	0	412-	7-
80-82	6,136	488	8	25	0	463-	8-
81-83	1,733	75	4		0	75-	4-
82-84	533	175	33		0	175-	33-
83-85	391	124	32		0	124-	32-
84-86	591	167	28		0	167-	28-
85-87	15,604	70	0		0	70-	0
86-88	15,539	70	0		0	70-	0
87-89	18,564	234	1		0	234-	1-
88-90	4,060	320	8		0	320-	8-
89-91	20,584	530	3	1,347	7	817	4
90-92	25,358	545	2	1,347	5	802	3
91-93	24,812	714	3	1,347	5	633	3
92-94	8,242	504	6		0	504-	6-
93-95	243	281	116		0	281-	116-
94-96	395		0		0		0
95-97	395		0		0		0
96-98	4,580	997	22	41,239	900	40,241	879
97-99	6,069	1,040	17	41,239	680	40,199	662
98-00	9,381	1,450	15	41,239	440	39,789	424
99-01	5,195	453	9		0	453-	9-
00-02	3,312	410	12		0	410-	12-

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 387.4 OTHER EQUIPMENT - CUSTOMER INFORMATION SERVICES

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL AMOUNT	PCT	GROSS SALVAGE AMOUNT	PCT	NET SALVAGE AMOUNT	PCT
THREE-YEAR MOVING AVERAGES							
01-03							
02-04	10,123	2,342	23	0		2,342-	23-
03-05	26,659	3,249	12	0		3,249-	12-
04-06	26,659	3,249	12	0		3,249-	12-
05-07	16,535	907	5	0		907-	5-
06-08	338-		0	0			0
07-09	338-		0	0			0
08-10	338-		0	0			0
09-11	2,490		0	0			0
10-12	6,561	242	4	0		242-	4-
11-13	77,947	242	0	0		242-	0
12-14	91,419	3,370	4	0		3,370-	4-
13-15	103,473	3,128	3	0		3,128-	3-
FIVE-YEAR AVERAGE							
11-15	66,021	2,022	3	0		2,022-	3-

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 392.2 TRANSPORTATION EQUIPMENT - TRAILERS

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL AMOUNT	PCT	GROSS SALVAGE AMOUNT	PCT	NET SALVAGE AMOUNT	PCT
1975	212		0	71	33	71	33
1976							
1977							
1978							
1979							
1980							
1981	206		0		0		0
1982							
1983				50		50	
1984							
1985							
1986							
1987							
1988							
1989							
1990							
1991							
1992							
1993							
1994							
1995							
1996							
1997	1,616		0		0		0
1998							
1999							
2000							
2001							
2002							
2003							
2004							
2005							
2006							
2007							
2008	15,840		0		0		0
2009							
2010							
2011				17,226		17,226	
2012							
2013	65,597		0	4,093	6	4,093	6

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 392.2 TRANSPORTATION EQUIPMENT - TRAILERS

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL AMOUNT	PCT	GROSS SALVAGE AMOUNT	PCT	NET SALVAGE AMOUNT	PCT
2014	4,168		0	2,000	48	2,000	48
2015							
TOTAL	87,639		0	23,440	27	23,440	27

THREE-YEAR MOVING AVERAGES

75-77	71		0	24	33	24	33
76-78							
77-79							
78-80							
79-81	69		0		0		0
80-82	69		0		0		0
81-83	69		0	17	24	17	24
82-84				17		17	
83-85				17		17	
84-86							
85-87							
86-88							
87-89							
88-90							
89-91							
90-92							
91-93							
92-94							
93-95							
94-96							
95-97	539		0		0		0
96-98	539		0		0		0
97-99	539		0		0		0
98-00							
99-01							
00-02							
01-03							
02-04							
03-05							
04-06							
05-07							
06-08	5,280		0		0		0
07-09	5,280		0		0		0
08-10	5,280		0		0		0
09-11				5,742		5,742	

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 392.2 TRANSPORTATION EQUIPMENT - TRAILERS

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL AMOUNT	PCT	GROSS SALVAGE AMOUNT	PCT	NET SALVAGE AMOUNT	PCT
THREE-YEAR MOVING AVERAGES							
10-12				5,742		5,742	
11-13	21,866		0	7,106	33	7,106	33
12-14	23,255		0	2,031	9	2,031	9
13-15	23,255		0	2,031	9	2,031	9
FIVE-YEAR AVERAGE							
11-15	13,953		0	4,664	33	4,664	33

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 396 POWER OPERATED EQUIPMENT

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL		GROSS SALVAGE		NET SALVAGE	
		AMOUNT	PCT	AMOUNT	PCT	AMOUNT	PCT
1969	4,120		0	1,031	25	1,031	25
1970	15,876		0	2,400	15	2,400	15
1971	21,697		0	5,734	26	5,734	26
1972	10,427		0	1,635	16	1,635	16
1973	26,260		0	1,428	5	1,428	5
1974							
1975	27,454		0	9,131	33	9,131	33
1976	4,600		0	850	18	850	18
1977	2,603		0	400	15	400	15
1978							
1979	4,692		0	900	19	900	19
1980							
1981							
1982							
1983	2,825		0	1,050	37	1,050	37
1984							
1985							
1986							
1987							
1988							
1989							
1990	44,237		0	24,845	56	24,845	56
1991							
1992	6,606		0	2,002	30	2,002	30
1993	6-		0		0		0
1994	18,150		0	2,028	11	2,028	11
1995	2,013		0		0		0
1996	115,296		0	36,333	32	36,333	32
1997	40,065		0		0		0
1998							
1999							
2000	7,831		0		0		0
2001							
2002	74,143		0	33,178	45	33,178	45
2003	16,476		0	3,730	23	3,730	23
2004	28,900		0	45,941	159	45,941	159
2005				5,465		5,465	
2006							
2007	27,614		0		0		0
2008				4,725		4,725	
2009	7,038		0	10,785	153	10,785	153
2010							

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 396 POWER OPERATED EQUIPMENT

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL		GROSS SALVAGE		NET SALVAGE	
		AMOUNT	PCT	AMOUNT	PCT	AMOUNT	PCT
2011							
2012							
2013	388,522		0		0		0
2014				14,900		14,900	
2015							
TOTAL	897,441		0	208,489	23	208,489	23

THREE-YEAR MOVING AVERAGES

69-71	13,898		0	3,055	22	3,055	22
70-72	16,000		0	3,256	20	3,256	20
71-73	19,461		0	2,932	15	2,932	15
72-74	12,229		0	1,021	8	1,021	8
73-75	17,905		0	3,520	20	3,520	20
74-76	10,685		0	3,327	31	3,327	31
75-77	11,553		0	3,460	30	3,460	30
76-78	2,401		0	417	17	417	17
77-79	2,432		0	433	18	433	18
78-80	1,564		0	300	19	300	19
79-81	1,564		0	300	19	300	19
80-82							
81-83	942		0	350	37	350	37
82-84	942		0	350	37	350	37
83-85	942		0	350	37	350	37
84-86							
85-87							
86-88							
87-89							
88-90	14,746		0	8,282	56	8,282	56
89-91	14,746		0	8,282	56	8,282	56
90-92	16,948		0	8,949	53	8,949	53
91-93	2,200		0	667	30	667	30
92-94	8,250		0	1,343	16	1,343	16
93-95	6,719		0	676	10	676	10
94-96	45,153		0	12,787	28	12,787	28
95-97	52,458		0	12,111	23	12,111	23
96-98	51,787		0	12,111	23	12,111	23
97-99	13,355		0		0		0
98-00	2,610		0		0		0
99-01	2,610		0		0		0
00-02	27,325		0	11,059	40	11,059	40

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 396 POWER OPERATED EQUIPMENT

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL AMOUNT	PCT	GROSS SALVAGE AMOUNT	PCT	NET SALVAGE AMOUNT	PCT
THREE-YEAR MOVING AVERAGES							
01-03	30,206		0	12,302	41	12,302	41
02-04	39,840		0	27,616	69	27,616	69
03-05	15,125		0	18,379	122	18,379	122
04-06	9,633		0	17,135	178	17,135	178
05-07	9,205		0	1,822	20	1,822	20
06-08	9,205		0	1,575	17	1,575	17
07-09	11,551		0	5,170	45	5,170	45
08-10	2,346		0	5,170	220	5,170	220
09-11	2,346		0	3,595	153	3,595	153
10-12							
11-13	129,507		0		0		0
12-14	129,507		0	4,967	4	4,967	4
13-15	129,507		0	4,967	4	4,967	4
FIVE-YEAR AVERAGE							
11-15	77,704		0	2,980	4	2,980	4

**PART IX. DETAILED DEPRECIATION
CALCULATIONS**

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 374.4 LAND AND LAND RIGHTS - LAND RIGHTS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2015

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUTURE BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 70-R2						
NET SALVAGE PERCENT.. 0						
1940	631.74	525	442	190	15.41	12
1946	27.50	22	19	8	17.46	
1949	318.25	248	209	109	18.97	6
1954	1,417.34	1,055	889	528	21.14	25
1955	645.29	476	401	244	21.47	11
1956	719.59	522	440	280	22.47	12
1957	307.00	221	186	121	22.80	5
1958	1,494.06	1,065	897	597	23.15	26
1959	1,468.93	1,037	873	596	23.50	25
1960	262.71	184	155	108	23.87	5
1961	636.06	437	368	268	24.87	11
1962	1,753.87	1,192	1,004	750	25.24	30
1963	3,172.75	2,132	1,796	1,377	25.62	54
1964	3,424.35	2,275	1,916	1,508	26.02	58
1965	706.66	464	391	316	26.42	12
1966	848.01	550	463	385	26.84	14
1967	488.18	310	261	227	27.83	8
1968	530.52	333	280	251	28.26	9
1969	525.72	325	274	252	28.69	9
1970	1,612.58	983	828	785	29.13	27
1971	964.42	579	488	476	29.57	16
1972	4,729.85	2,798	2,357	2,373	30.03	79
1974	2,820.09	1,604	1,351	1,469	31.49	47
1976	334.72	184	155	180	32.45	6
1977	558.79	301	254	305	32.93	9
1978	2,922.50	1,545	1,301	1,622	33.42	49
1980	3,039.01	1,543	1,300	1,739	34.43	51
1981	6,212.73	3,065	2,582	3,631	35.43	102
1982	9,762.89	4,710	3,967	5,796	35.94	161
1983	17,318.14	8,160	6,873	10,445	36.47	286
1984	33,629.96	15,466	13,027	20,603	36.99	557
1985	20,976.82	9,406	7,923	13,054	37.52	348
1986	24,833.25	10,842	9,132	15,701	38.07	412
1987	61,472.42	26,101	21,985	39,487	38.62	1,022
1988	23,203.80	9,572	8,062	15,142	39.17	387
1989	38,118.77	15,255	12,849	25,270	39.72	636
1990	15,601.41	6,047	5,093	10,508	40.29	261
1991	9,950.28	3,729	3,141	6,809	40.86	167
1992	7,297.89	2,641	2,224	5,074	41.44	122
1993	1,640.72	572	482	1,159	42.01	28
1994	50,580.17	16,965	14,290	36,290	42.60	852
1995	16,231.43	5,257	4,428	11,803	42.79	276

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 374.4 LAND AND LAND RIGHTS - LAND RIGHTS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2015

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUTURE BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 70-R2						
NET SALVAGE PERCENT.. 0						
1997	22,942.04	6,791	5,720	17,222	44.00	391
1998	7,537.57	2,124	1,789	5,749	44.61	129
1999	60.02	16	13	47	45.23	1
2000	11,645.10	2,960	2,493	9,152	45.48	201
2001	6,716.70	1,607	1,354	5,363	46.11	116
2002	15,890.64	3,561	2,999	12,892	46.74	276
2004	16,873.25	3,280	2,763	14,110	47.67	296
2005	2,445.73	439	370	2,076	47.98	43
2007	1,986.50	296	249	1,738	48.64	36
2008	25,783.52	3,424	2,884	22,900	48.99	467
2009	48,492.88	5,645	4,755	43,738	49.36	886
2010	52,809.89	5,286	4,452	48,358	49.45	978
2011	14,602.00	1,215	1,023	13,579	49.56	274
2012	22,039.05	1,459	1,229	20,810	49.41	421
2013	22,242.14	1,079	909	21,333	49.05	435
2014	16,047.46	485	409	15,638	48.25	324
	661,305.66	200,365	168,767	492,539		11,507

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. 42.8 1.74

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 374.5 LAND AND LAND RIGHTS - RIGHTS-OF-WAY

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2015

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUTURE BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 75-S4						
NET SALVAGE PERCENT.. 0						
1900	7.64	8	8			
1905	4,639.41	4,511	4,639			
1906	453.46	442	453			
1908	509.81	493	510			
1910	32.76	32	33			
1911	39.25	38	39			
1912	166.79	161	167			
1913	39,647.24	38,200	39,647			
1914	440.81	425	441			
1915	17.37	17	17			
1916	3,714.53	3,548	3,715			
1917	2.52	2	2	1	4.60	
1918	222.02	212	222			
1920	8.85	8	9			
1921	4.00	4	4			
1922	550.17	520	550			
1927	574.78	539	575			
1928	7,615.83	7,064	7,551	65	6.84	10
1929	9,365.20	8,668	9,265	100	6.95	14
1930	293.53	271	290	4	7.09	1
1931	75.68	70	75	1	7.25	
1932	11.42	10	11			
1933	121.75	111	119	3	7.59	
1934	38.48	35	37	1	7.79	
1936	42.73	39	42	1	8.22	
1937	147.11	133	142	5	8.45	1
1938	291.95	262	280	12	8.71	1
1939	54.17	48	51	3	8.97	
1940	1,406.23	1,242	1,328	78	9.97	8
1941	3,083.74	2,711	2,898	186	10.25	18
1942	82.48	72	77	5	10.54	
1943	178.77	156	167	12	10.83	1
1944	55.72	48	51	5	11.14	
1945	35.21	30	32	3	11.47	
1946	55.44	47	50	5	11.80	
1947	388.45	330	353	35	12.15	3
1948	1,231.01	1,039	1,111	120	12.50	10
1949	2,790.90	2,320	2,480	311	13.50	23
1950	3,189.10	2,632	2,813	376	13.87	27
1951	7,892.84	6,466	6,911	982	14.24	69
1952	1,366.64	1,111	1,188	179	14.62	12
1953	4,099.22	3,305	3,533	566	15.02	38

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 374.5 LAND AND LAND RIGHTS - RIGHTS-OF-WAY

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2015

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUTURE BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 75-S4						
NET SALVAGE PERCENT.. 0						
1954	5,721.14	4,539	4,852	869	16.02	54
1955	314.60	247	264	51	16.42	3
1956	1,907.97	1,487	1,589	319	16.84	19
1957	1,176.95	902	964	213	17.83	12
1958	21,005.37	15,943	17,041	3,964	18.26	217
1959	5,254.98	3,949	4,221	1,034	18.69	55
1960	6,002.69	4,431	4,736	1,267	19.68	64
1961	11,709.76	8,552	9,141	2,569	20.13	128
1962	3,663.44	2,626	2,807	856	21.13	41
1963	5,765.71	4,087	4,369	1,397	21.57	65
1964	3,606.15	2,507	2,680	926	22.58	41
1965	2,918.74	1,990	2,127	792	23.57	34
1966	27,810.21	18,722	20,012	7,798	24.03	325
1967	4,679.09	3,086	3,299	1,380	25.03	55
1968	5,001.45	3,231	3,454	1,547	26.03	59
1969	42,871.21	27,112	28,980	13,891	27.03	514
1970	28,515.31	17,776	19,000	9,515	27.49	346
1971	16,220.35	9,888	10,569	5,651	28.50	198
1972	27,985.97	16,680	17,829	10,157	29.49	344
1973	5,481.78	3,191	3,411	2,071	30.50	68
1974	1,658.65	943	1,008	651	31.49	21
1975	9,583.32	5,317	5,683	3,900	32.50	120
1976	5,163.94	2,795	2,988	2,176	33.49	65
1977	4,195.28	2,229	2,383	1,812	33.96	53
1978	2,876.24	1,488	1,590	1,286	34.96	37
1979	13,433.90	6,767	7,233	6,201	35.96	172
1980	12,768.07	6,255	6,686	6,082	36.96	165
1981	10,564.93	5,030	5,376	5,189	37.96	137
1982	1,162.68	538	575	588	38.96	15
1983	9,009.79	4,041	4,319	4,691	39.96	117
1984	68,733.35	29,878	31,936	36,797	40.96	898
1985	12,854.49	5,410	5,783	7,071	41.96	169
1986	32,815.46	13,359	14,279	18,536	42.96	431
1987	21,389.93	8,413	8,993	12,397	43.96	282
1988	97,331.04	36,937	39,481	57,850	44.96	1,287
1989	76,248.28	27,884	29,805	46,443	45.96	1,011
1990	86,482.89	30,433	32,529	53,954	46.96	1,149
1991	52,430.84	17,727	18,948	33,483	47.96	698
1992	60,042.13	19,472	20,813	39,229	48.96	801
1993	50,939.96	15,817	16,907	34,033	49.96	681
1994	214,025.02	63,501	67,875	146,150	50.96	2,868
1995	177,926.39	50,335	53,803	124,123	51.96	2,389

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 374.5 LAND AND LAND RIGHTS - RIGHTS-OF-WAY

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2015

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUTURE BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 75-S4						
NET SALVAGE PERCENT.. 0						
1996	30,598.73	8,234	8,801	21,798	52.96	412
1998	8,061.70	1,947	2,081	5,981	54.96	109
2000	10,513.30	2,249	2,404	8,109	56.96	142
2001	145,613.01	29,137	31,144	114,469	57.96	1,975
2002	1,125,585.22	209,697	224,143	901,442	58.96	15,289
2005	2,009.13	291	311	1,698	61.96	27
	2,666,575.55	844,450	901,108	1,765,468		34,398
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT ..						51.3 1.29

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 375.34 STRUCTURES AND IMPROVEMENTS - MEASURING AND REGULATING

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2015

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUTURE BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 52-R1.5						
NET SALVAGE PERCENT.. -20						
1911	893.77	1,073	1,073			
1915	197.21	233	206	31	1.54	20
1928	694.05	787	695	138	5.09	27
1929	397.89	450	397	80	5.25	15
1930	176.23	199	176	35	5.41	6
1932	64.48	72	64	13	5.79	2
1936	223.19	247	218	50	6.71	7
1937	24.89	27	24	6	6.97	1
1939	318.36	348	307	75	7.53	10
1940	539.34	586	518	129	7.83	16
1941	932.83	1,009	891	228	8.15	28
1943	38.93	42	37	10	8.15	1
1947	214.44	226	200	57	9.62	6
1948	64.09	67	59	18	10.02	2
1949	331.79	344	304	94	10.42	9
1950	2,472.19	2,565	2,266	701	10.26	68
1951	5,210.30	5,363	4,737	1,515	10.69	142
1952	2,321.06	2,370	2,093	692	11.13	62
1953	2,951.41	2,988	2,639	903	11.57	78
1954	5,137.26	5,194	4,588	1,577	11.49	137
1955	3,459.47	3,466	3,062	1,089	11.96	91
1956	7,129.69	7,076	6,250	2,306	12.45	185
1957	5,254.06	5,200	4,593	1,712	12.43	138
1958	6,160.93	6,036	5,332	2,061	12.92	160
1959	5,585.68	5,416	4,784	1,919	13.43	143
1960	7,443.17	7,138	6,305	2,627	13.94	188
1961	398.15	380	336	142	13.99	10
1962	2,689.57	2,538	2,242	985	14.53	68
1963	2,587.90	2,429	2,146	959	14.62	66
1964	10,641.33	9,865	8,714	4,056	15.17	267
1965	6,083.01	5,567	4,917	2,383	15.72	152
1966	6,431.85	5,846	5,164	2,554	15.86	161
1967	2,588.14	2,320	2,049	1,057	16.44	64
1968	2,750.91	2,430	2,146	1,155	17.02	68
1970	13,799.07	11,904	10,515	6,044	17.79	340
1971	13,862.47	11,844	10,462	6,173	18.00	343
1972	7,169.41	6,026	5,323	3,280	18.61	176
1973	7,037.63	5,851	5,168	3,277	18.85	174
1974	2,226.85	1,819	1,607	1,065	19.48	55
1976	71.18	56	49	36	20.38	2
1977	3,520.86	2,749	2,428	1,797	20.67	87
1978	3,260.89	2,495	2,204	1,709	21.32	80

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 375.34 STRUCTURES AND IMPROVEMENTS - MEASURING AND REGULATING

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2015

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUTURE BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 52-R1.5						
NET SALVAGE PERCENT.. -20						
1979	2,876.54	2,167	1,914	1,538	21.64	71
1980	19,955.95	14,708	12,992	10,955	22.30	491
1981	4,975.93	3,605	3,184	2,787	22.64	123
1982	44,317.42	31,355	27,697	25,484	23.32	1,093
1983	14,782.02	10,262	9,065	8,673	23.68	366
1984	37,293.19	25,374	22,414	22,338	24.06	928
1985	65,010.47	43,063	38,039	39,974	24.75	1,615
1986	33,249.46	21,538	19,025	20,874	25.15	830
1987	101,713.96	64,348	56,840	65,217	25.56	2,552
1988	15,207.81	9,384	8,289	9,960	25.98	383
1989	10,113.68	6,046	5,341	6,795	26.69	255
1990	29,648.22	17,237	15,226	20,352	27.13	750
1991	4,350.98	2,456	2,169	3,052	27.58	111
1992	458.84	251	222	329	28.05	12
1993	750.28	397	351	549	28.52	19
1994	3,327.06	1,700	1,502	2,490	29.01	86
1995	8,429.84	4,147	3,663	6,453	29.50	219
1996	31,017.18	14,661	12,950	24,271	30.00	809
1997	2,485.67	1,131	999	1,984	30.28	66
1998	15,239.02	6,623	5,850	12,437	30.81	404
1999	6,771.06	2,815	2,487	5,638	31.12	181
2000	2,843.16	1,121	990	2,422	31.67	76
2001	34,293.66	12,831	11,334	29,818	32.01	932
2002	24,994.58	8,827	7,797	22,196	32.37	686
2003	1,447.21	480	424	1,313	32.75	40
2004	5,988.54	1,851	1,635	5,551	33.14	168
2005	5,198.99	1,494	1,320	4,919	33.36	147
2006	20,743.31	5,486	4,846	20,046	33.60	597
2007	27,457.41	6,610	5,839	27,110	33.87	800
2008	33,895.52	7,321	6,467	34,208	34.17	1,001
2009	15,253.81	2,927	2,585	15,720	34.15	460
2010	139,686.05	23,233	20,522	147,101	34.18	4,304
2011	115,097.22	16,104	14,225	123,892	34.11	3,632
2012	170,843.61	19,230	16,986	188,026	33.81	5,561
2013	168,569.46	14,160	12,508	189,775	33.21	5,714
2014	109,859.54	5,893	5,206	126,625	32.06	3,950
2015	397,311.34	8,201	7,244	469,530	28.65	16,388
	1,868,813.92	551,678	487,435	1,755,142		59,475

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. 29.5 3.18

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 375.7 STRUCTURES AND IMPROVEMENTS - OTHER DISTRIBUTION SYSTEM
STRUCTURES

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2015

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUTURE BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
PARIS AREA OFFICE - VINE STREET INTERIM SURVIVOR CURVE.. SQUARE PROBABLE RETIREMENT YEAR.. 6-2028 NET SALVAGE PERCENT.. 0						
1950	3,575.48	3,002	3,073	503	12.50	40
1974	502.19	386	395	107	12.50	9
1975	469.01	358	366	103	12.50	8
1977	2,458.15	1,856	1,900	558	12.50	45
1985	678.43	481	492	186	12.50	15
2001	23,425.95	12,581	12,878	10,548	12.50	844
	31,109.21	18,664	19,105	12,004		961
WINCHESTER SERVICE CENTER AND OFFICE INTERIM SURVIVOR CURVE.. SQUARE PROBABLE RETIREMENT YEAR.. 6-2042 NET SALVAGE PERCENT.. 0						
1992	567,413.50	266,684	272,981	294,432	26.50	11,111
2003	10,253.37	3,286	3,364	6,890	26.50	260
2009	4,308.86	849	869	3,440	26.50	130
2014	12,581.47	674	690	11,892	26.50	449
	594,557.20	271,493	277,904	316,653		11,950
LEXINGTON HEADQUARTERS INTERIM SURVIVOR CURVE.. SQUARE PROBABLE RETIREMENT YEAR.. 6-2044 NET SALVAGE PERCENT.. 0						
1924	240.00	183	187	53	28.50	2
1949	748.22	524	536	212	28.50	7
1994	6,179,394.33	2,657,140	2,719,884	3,459,511	28.50	121,386
1998	26,669.93	10,146	10,386	16,284	28.50	571
2000	9,603.96	3,383	3,463	6,141	28.50	215
2001	126,272.90	42,580	43,585	82,687	28.50	2,901
2003	8,863.24	2,702	2,766	6,097	28.50	214
2005	36,210.95	9,749	9,979	26,232	28.50	920
2006	3,323.54	831	851	2,473	28.50	87
2009	6,157.10	1,143	1,170	4,987	28.50	175
2010	6,651.14	1,076	1,101	5,550	28.50	195
2011	15,565.37	2,122	2,172	13,393	28.50	470

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 375.7 STRUCTURES AND IMPROVEMENTS - OTHER DISTRIBUTION SYSTEM
STRUCTURES

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2015

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUTURE BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
LEXINGTON HEADQUARTERS						
INTERIM SURVIVOR CURVE.. SQUARE						
PROBABLE RETIREMENT YEAR.. 6-2044						
NET SALVAGE PERCENT.. 0						
2013	7,125.00	575	589	6,536	28.50	229
2014	176,824.83	8,841	9,050	167,775	28.50	5,887
2015	577,980.65	9,964	10,199	567,781	28.50	19,922
	7,181,631.16	2,750,959	2,815,918	4,365,713		153,181

OTHER SMALL STRUCTURES
SURVIVOR CURVE.. IOWA 37-S2
NET SALVAGE PERCENT.. 0

1936	430.55	431	431			
1951	1,184.61	1,154	1,181	3	1.72	2
1952	1,942.35	1,887	1,932	11	1.86	6
1953	627.88	608	622	5	2.01	2
1954	802.91	775	793	10	2.19	5
1955	908.64	874	895	14	2.39	6
1957	5,163.12	4,924	5,041	122	2.85	43
1958	3,138.49	2,978	3,049	90	3.10	29
1959	3,585.31	3,383	3,463	122	3.38	36
1960	2,487.10	2,333	2,388	99	3.67	27
1961	3,791.07	3,554	3,638	153	3.64	42
1962	120.00	112	115	5	3.97	1
1963	318.95	295	302	17	4.32	4
1965	2,612.53	2,388	2,445	168	4.75	35
1967	962.53	868	889	74	5.26	14
1968	5,311.35	4,769	4,882	429	5.41	79
1970	3,058.84	2,700	2,764	295	6.05	49
1972	478.16	416	426	52	6.50	8
1973	3,195.06	2,757	2,822	373	6.76	55
1985	1,278.71	944	966	312	10.82	29
1987	18,970.52	13,461	13,781	5,190	11.66	445
1988	4,679.99	3,243	3,320	1,360	12.18	112
1996	30,096.82	16,433	16,823	13,274	16.21	819
2000	8,591.08	3,875	3,967	4,624	18.87	245
2003	1,820.23	678	694	1,126	21.06	53

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 375.7 STRUCTURES AND IMPROVEMENTS - OTHER DISTRIBUTION SYSTEM
STRUCTURES

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2015

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUTURE BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
OTHER SMALL STRUCTURES						
SURVIVOR CURVE.. IOWA 37-S2						
NET SALVAGE PERCENT.. 0						
2009	11,426.93	2,273	2,327	9,100	26.18	348
2013	69.29	5	5	64	30.07	2
2015	45,449.58	700	717	44,733	32.07	1,395
	162,502.60	78,818	80,679	81,824		3,891
	7,969,800.17	3,119,934	3,193,606	4,776,194		169,983
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT ..						28.1 2.13

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 376 MAINS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2015

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUTURE BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
CAST IRON						
INTERIM SURVIVOR CURVE.. IOWA 70-R1.5						
PROBABLE RETIREMENT YEAR.. 12-2037						
NET SALVAGE PERCENT.. -20						
1940	13,490.39	13,566	11,618	4,571	14.59	313
1941	893.79	895	766	306	14.79	21
1944	919.11	907	777	326	15.46	21
1945	1,646.98	1,616	1,384	592	15.71	38
1946	347.56	342	293	124	15.25	8
1947	142.66	140	120	51	15.53	3
1949	1,016.24	981	840	379	16.15	23
1950	1,660.20	1,605	1,374	618	15.80	39
1951	14,757.55	14,164	12,130	5,579	16.15	345
1952	256.72	245	210	98	16.50	6
1953	14,998.98	14,287	12,235	5,764	16.24	355
1954	34,359.71	32,458	27,796	13,436	16.62	808
1955	3,801.13	3,560	3,049	1,513	17.02	89
1956	21,609.39	20,211	17,308	8,623	16.84	512
1957	14,206.35	13,164	11,273	5,774	17.26	335
1958	7,984.38	7,382	6,322	3,260	17.13	190
1959	7,773.43	7,115	6,093	3,235	17.57	184
1960	11,555.64	10,544	9,030	4,837	17.49	277
1961	1,408.02	1,280	1,096	593	17.44	34
1962	16,455.74	14,790	12,666	7,081	17.93	395
1963	10,833.08	9,691	8,299	4,701	17.92	262
1964	16,167.97	14,388	12,321	7,080	17.94	395
1965	14,930.71	13,210	11,313	6,604	17.99	367
1966	5,115.25	4,497	3,851	2,287	18.07	127
1967	828.87	724	620	375	18.17	21
1968	3,908.24	3,386	2,900	1,790	18.29	98
1969	50.18	43	37	23	18.44	1
1970	1,312.17	1,118	957	617	18.60	33
1972	206.93	174	149	99	18.61	5
	222,637.37	206,483	176,826	90,339		5,305

BARE STEEL

INTERIM SURVIVOR CURVE.. IOWA 70-R1.5

PROBABLE RETIREMENT YEAR.. 12-2037

NET SALVAGE PERCENT.. -20

1901	954.27	1,075	921	225	7.45	30
1905	5,993.40	6,676	5,717	1,475	8.55	173
1906	889.96	994	851	217	8.14	27

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 376 MAINS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2015

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUTURE BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
BARE STEEL						
INTERIM SURVIVOR CURVE.. IOWA 70-R1.5						
PROBABLE RETIREMENT YEAR.. 12-2037						
NET SALVAGE PERCENT.. -20						
1908	78.13	87	75	19	8.78	2
1910	22.93	25	21	6	9.45	1
1913	2,744.71	3,004	2,573	721	9.87	73
1914	206.46	226	194	54	9.61	6
1915	7,709.64	8,368	7,166	2,085	10.61	197
1918	126.91	137	117	35	11.20	3
1920	1,975.29	2,128	1,822	548	10.88	50
1921	82.20	89	76	22	10.76	2
1922	100.69	107	92	29	11.77	2
1923	1,168.10	1,245	1,066	336	11.67	29
1924	348.15	371	318	100	11.59	9
1925	4,426.86	4,711	4,034	1,278	11.54	111
1926	10,451.64	11,001	9,421	3,121	12.54	249
1927	8,701.97	9,150	7,836	2,607	12.51	208
1928	202,041.06	212,143	181,673	60,776	12.50	4,862
1929	61,787.91	64,774	55,471	18,675	12.51	1,493
1930	9,684.06	10,135	8,679	2,942	12.54	235
1931	11,235.49	11,735	10,050	3,433	12.58	273
1932	8,125.88	8,386	7,182	2,570	13.59	189
1933	345,309.13	355,530	304,466	109,905	13.65	8,052
1934	1,884.93	1,936	1,658	604	13.73	44
1935	30,005.54	30,724	26,311	9,695	13.84	701
1936	9,796.82	10,000	8,564	3,192	13.96	229
1937	28,734.61	29,233	25,034	9,447	14.09	670
1938	12,869.57	13,047	11,173	4,270	14.24	300
1939	20,820.31	21,024	18,004	6,980	14.41	484
1940	123,120.87	123,810	106,027	41,718	14.59	2,859
1941	38,666.60	38,716	33,155	13,245	14.79	896
1942	5,912.10	5,893	5,047	2,048	14.99	137
1943	4,397.55	4,361	3,735	1,542	15.22	101
1944	1,963.92	1,938	1,660	697	15.46	45
1945	9,860.00	9,676	8,286	3,546	15.71	226
1946	30,991.47	30,499	26,118	11,071	15.25	726
1947	29,005.82	28,375	24,300	10,507	15.53	677
1948	68,095.54	66,189	56,682	25,032	15.83	1,581
1949	91,177.44	88,034	75,390	34,023	16.15	2,107
1950	247,452.18	239,217	204,859	92,084	15.80	5,828
1951	363,501.82	348,875	298,767	137,435	16.15	8,510
1952	163,076.75	155,340	133,029	62,663	16.50	3,798
1953	314,367.27	299,454	256,444	120,797	16.24	7,438

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 376 MAINS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2015

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUTURE BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
BARE STEEL						
INTERIM SURVIVOR CURVE.. IOWA 70-R1.5						
PROBABLE RETIREMENT YEAR.. 12-2037						
NET SALVAGE PERCENT.. -20						
1954	316,336.81	298,824	255,904	123,700	16.62	7,443
1955	409,868.29	383,833	328,704	163,138	17.02	9,585
1956	605,160.35	565,994	484,701	241,491	16.84	14,340
1957	1,136,063.73	1,052,722	901,521	461,755	17.26	26,753
1958	1,034,928.96	956,895	819,458	422,457	17.13	24,662
1959	799,722.34	732,034	626,893	332,774	17.57	18,940
1960	770,323.12	702,904	601,947	322,441	17.49	18,436
1961	765,311.11	695,760	595,829	322,544	17.44	18,494
1962	643,406.76	578,294	495,235	276,853	17.93	15,441
1963	850,394.48	760,763	651,496	368,977	17.92	20,590
1964	973,821.38	866,623	742,151	426,434	17.94	23,770
1965	848,025.96	750,299	642,535	375,096	17.99	20,850
1966	1,314,272.02	1,155,403	989,454	587,672	18.07	32,522
1967	569,818.23	497,451	426,003	257,779	18.17	14,187
1968	818,322.85	708,995	607,163	374,824	18.29	20,493
1969	1,032,070.14	886,879	759,498	478,986	18.44	25,975
1970	488,918.15	416,441	356,628	230,073	18.60	12,370
1971	573,565.89	483,929	414,423	273,856	18.79	14,575
1972	575,697.29	483,862	414,366	276,471	18.61	14,856
1973	191,270.34	159,015	136,176	93,348	18.85	4,952
1974	106,349.65	87,917	75,290	52,330	18.74	2,792
1975	9,715.20	7,932	6,793	4,865	19.02	256
1976	23,345.04	18,921	16,203	11,811	18.98	622
1977	37,981.79	30,533	26,148	19,431	18.97	1,024
1978	203,699.27	161,330	138,158	106,281	19.32	5,501
1979	80,107.97	62,811	53,790	42,340	19.36	2,187
	17,458,363.07	15,764,802	13,500,531	7,449,505		425,249

COATED STEEL
SURVIVOR CURVE.. IOWA 70-R1.5
NET SALVAGE PERCENT.. -20

1951	4,910.38	4,371	3,743	2,149	22.45	96
1952	741.23	655	561	329	22.71	14
1953	1,187.59	1,042	892	533	22.97	23
1954	682.80	590	505	314	23.97	13
1955	3,791.15	3,248	2,781	1,768	24.25	73
1956	3,275.22	2,783	2,383	1,547	24.54	63
1957	6,556.31	5,523	4,730	3,138	24.83	126

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 376 MAINS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2015

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUTURE BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
COATED STEEL						
SURVIVOR CURVE.. IOWA 70-R1.5						
NET SALVAGE PERCENT.. -20						
1958	9,068.02	7,571	6,484	4,398	25.14	175
1959	33,821.26	27,744	23,759	16,826	26.15	643
1960	27,027.46	21,960	18,806	13,627	26.47	515
1961	27,751.44	22,325	19,118	14,183	26.80	529
1962	12,877.64	10,252	8,780	6,674	27.15	246
1963	5,601.06	4,410	3,777	2,945	27.50	107
1964	17,102.65	13,317	11,404	9,119	27.87	327
1965	41,461.03	31,658	27,111	22,642	28.87	784
1966	40,786.73	30,766	26,347	22,597	29.24	773
1967	22,175.07	16,520	14,147	12,463	29.62	421
1968	28,008.83	20,597	17,639	15,972	30.02	532
1969	43,453.76	31,521	26,994	25,151	30.42	827
1970	159,729.88	114,239	97,831	93,845	30.84	3,043
1971	183,814.73	129,567	110,958	109,620	31.26	3,507
1972	436,196.67	300,557	257,389	266,047	32.26	8,247
1973	298,018.44	202,128	173,097	184,525	32.69	5,645
1974	352,012.61	234,905	201,166	221,249	33.13	6,678
1975	290,670.25	190,726	163,332	185,472	33.57	5,525
1976	422,082.23	272,091	233,011	273,488	34.03	8,037
1977	356,810.28	225,818	193,384	234,788	34.50	6,805
1978	401,648.94	249,424	213,600	268,379	34.96	7,677
1979	603,705.72	367,584	314,789	409,658	35.44	11,559
1980	599,333.09	357,442	306,103	413,096	35.93	11,497
1981	1,260,020.36	735,449	629,818	882,207	36.43	24,216
1982	858,524.66	490,080	419,691	610,539	36.92	16,537
1983	1,142,888.69	637,458	545,901	825,565	37.43	22,056
1984	1,608,773.39	875,688	749,914	1,180,614	37.94	31,118
1985	584,275.15	310,040	265,509	435,621	38.47	11,324
1986	1,413,841.63	735,650	629,990	1,066,620	38.53	27,683
1987	6,754,172.54	3,418,692	2,927,671	5,177,336	39.07	132,514
1988	987,465.49	485,596	415,851	769,108	39.61	19,417
1989	799,941.95	381,572	326,767	633,163	40.17	15,762
1990	736,057.11	340,058	291,216	592,052	40.73	14,536
1991	680,065.40	305,866	261,935	554,143	40.86	13,562
1992	1,304,195.28	566,386	485,037	1,079,997	41.44	26,062
1993	1,028,555.22	430,512	368,678	865,588	42.01	20,604
1994	1,107,496.02	448,669	384,227	944,768	42.19	22,393
1995	580,233.66	225,525	193,133	503,147	42.79	11,759
1996	1,076,956.75	403,213	345,300	947,048	43.00	22,024
1997	1,615,811.26	577,426	494,491	1,444,482	43.61	33,123
1998	1,229,615.90	420,824	360,382	1,115,157	43.85	25,431

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 376 MAINS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2015

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUTURE BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
COATED STEEL						
SURVIVOR CURVE.. IOWA 70-R1.5						
NET SALVAGE PERCENT.. -20						
1999	3,981,052.04	1,300,371	1,113,601	3,663,661	44.11	83,057
2000	1,071,817.35	330,934	283,403	1,002,778	44.74	22,413
2001	873,353.56	255,299	218,631	829,393	45.02	18,423
2002	2,863,344.92	788,565	675,305	2,760,709	45.32	60,916
2003	651,490.98	169,023	144,747	637,043	45.31	14,060
2004	371,934.04	89,800	76,902	369,419	45.65	8,092
2005	472,413.71	105,953	90,735	476,161	45.68	10,424
2006	4,595,389.36	942,974	807,536	4,706,931	46.06	102,191
2007	1,539,342.87	287,426	246,144	1,601,068	46.14	34,700
2008	2,641,555.48	444,415	380,584	2,789,282	45.98	60,663
2009	1,799,157.71	268,146	229,633	1,929,357	45.85	42,080
2010	1,575,045.35	202,614	173,513	1,716,542	45.78	37,495
2011	2,343,815.75	253,132	216,775	2,595,804	45.50	57,051
2012	1,757,988.06	152,734	130,797	1,978,789	44.81	44,160
2013	2,298,048.92	148,914	127,526	2,630,133	43.80	60,049
2014	1,757,970.83	72,569	62,146	2,047,419	42.17	48,552
2015	2,204,715.72	34,923	29,907	2,615,752	37.52	69,716
	62,001,629.58	20,537,830	17,588,017	56,813,938		1,348,670

PLASTIC
SURVIVOR CURVE.. IOWA 70-R1.5
NET SALVAGE PERCENT.. -20

1947	776.56	715	612	320	20.79	15
1953	49.42	43	37	22	22.97	1
1956	690.84	587	503	326	24.54	13
1960	9,693.87	7,876	6,745	4,888	26.47	185
1961	2,566.11	2,064	1,768	1,312	26.80	49
1962	3,550.97	2,827	2,421	1,840	27.15	68
1965	1,606.68	1,227	1,051	877	28.87	30
1967	45,719.61	34,059	29,167	25,696	29.62	868
1968	175,959.62	129,394	110,809	100,342	30.02	3,343
1969	516,105.19	374,383	320,611	298,715	30.42	9,820
1970	285,983.51	204,535	175,158	168,022	30.84	5,448
1971	513,723.03	362,113	310,103	306,364	31.26	9,801
1972	419,469.52	289,031	247,518	255,845	32.26	7,931
1973	151,200.83	102,550	87,821	93,620	32.69	2,864
1974	141,790.17	94,619	81,029	89,119	33.13	2,690
1975	132,835.09	87,161	74,642	84,760	33.57	2,525
1976	221,715.41	142,927	122,399	143,660	34.03	4,222

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 376 MAINS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2015

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUTURE BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
PLASTIC						
SURVIVOR CURVE.. IOWA 70-R1.5						
NET SALVAGE PERCENT.. -20						
1977	305,291.78	193,213	165,462	200,888	34.50	5,823
1978	710,584.63	441,273	377,894	474,808	34.96	13,581
1979	1,010,308.37	615,157	526,803	685,567	35.44	19,344
1980	1,312,997.65	783,072	670,601	904,996	35.93	25,188
1981	980,563.70	572,335	490,131	686,545	36.43	18,846
1982	1,562,030.72	891,670	763,601	1,110,836	36.92	30,088
1983	610,245.00	340,370	291,483	440,811	37.43	11,777
1984	1,311,823.85	714,052	611,494	962,695	37.94	25,374
1985	1,022,917.82	542,801	464,839	762,662	38.47	19,825
1986	2,035,715.66	1,059,224	907,089	1,535,769	38.53	39,859
1987	3,979,566.08	2,014,297	1,724,987	3,050,492	39.07	78,078
1988	3,105,147.28	1,526,987	1,307,668	2,418,508	39.61	61,058
1989	2,414,292.05	1,151,617	986,212	1,910,938	40.17	47,571
1990	2,320,884.01	1,072,248	918,243	1,866,818	40.73	45,834
1991	1,515,488.07	681,606	583,708	1,234,878	40.86	30,222
1992	1,483,006.27	644,040	551,538	1,228,070	41.44	29,635
1993	1,436,878.79	601,420	515,039	1,209,215	42.01	28,784
1994	1,259,752.03	510,351	437,050	1,074,652	42.19	25,472
1995	1,990,040.07	773,489	662,394	1,725,654	42.79	40,328
1996	1,461,949.23	547,354	468,738	1,285,601	43.00	29,898
1997	3,331,129.71	1,190,413	1,019,436	2,977,920	43.61	68,285
1998	2,895,685.71	991,019	848,681	2,626,142	43.85	59,889
1999	2,247,256.33	734,044	628,615	2,068,093	44.11	46,885
2000	2,902,792.21	896,266	767,537	2,715,814	44.74	60,702
2001	2,428,374.96	709,863	607,907	2,306,143	45.02	51,225
2002	2,613,724.62	719,820	616,433	2,520,036	45.32	55,605
2003	1,644,210.35	426,574	365,306	1,607,747	45.31	35,483
2004	1,621,862.32	391,582	335,340	1,610,895	45.65	35,288
2005	1,548,063.22	347,200	297,332	1,560,344	45.68	34,158
2006	2,490,684.32	511,088	437,681	2,551,140	46.06	55,387
2007	2,787,525.33	520,487	445,730	2,899,300	46.14	62,837
2008	4,530,912.97	762,281	652,796	4,784,300	45.98	104,052
2009	4,380,181.73	652,822	559,058	4,697,160	45.85	102,446
2010	2,872,852.46	369,564	316,484	3,130,939	45.78	68,391
2011	4,528,973.57	489,129	418,876	5,015,892	45.50	110,239
2012	8,861,264.52	769,867	659,292	9,974,225	44.81	222,589

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 376 MAINS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2015

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUTURE BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
PLASTIC						
SURVIVOR CURVE.. IOWA 70-R1.5						
NET SALVAGE PERCENT.. -20						
2013	9,791,987.93	634,521	543,386	11,207,000	43.80	255,868
2014	10,979,917.66	453,251	388,151	12,787,750	42.17	303,243
2015	11,816,282.64	187,170	160,287	14,019,252	37.52	373,647
	118,726,602.05	29,269,648	25,065,698	117,406,224		2,782,677
	198,409,232.07	65,778,763	56,331,072	181,760,006		4,561,901
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT ..						39.8 2.30

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 378 MEASURING AND REGULATING STATION EQUIPMENT - GENERAL

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2015

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUTURE BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 41-S0						
NET SALVAGE PERCENT.. -15						
1923	81.77	94	94			
1928	675.85	777	777			
1929	288.99	332	332			
1933	574.24	660	660			
1937	37.55	42	43			
1938	200.20	225	230			
1939	209.66	234	241			
1940	445.98	496	513			
1941	1,260.20	1,404	1,449			
1944	28.44	31	33			
1946	296.92	320	341			
1947	35.00	37	40			
1948	36.11	39	42			
1949	865.86	920	996			
1950	3,474.49	3,664	3,996			
1951	1,961.19	2,051	2,255			
1952	1,908.93	1,993	2,195			
1953	2,304.45	2,385	2,650			
1954	5,847.32	5,997	6,724			
1955	7,531.07	7,703	8,661			
1956	7,852.79	7,952	9,031			
1957	3,215.01	3,223	3,697			
1958	2,790.86	2,786	3,209			
1959	5,036.83	4,974	5,792			
1960	6,064.92	5,961	6,975			
1961	6,535.53	6,349	7,516			
1962	7,036.17	6,797	8,092			
1963	5,533.26	5,312	6,363			
1964	7,764.42	7,358	8,887	42	11.00	4
1965	7,539.42	7,093	8,567	103	11.23	9
1966	6,487.98	6,057	7,315	146	11.48	13
1967	5,402.16	5,002	6,041	171	11.74	15
1968	12,564.82	11,461	13,842	608	12.38	49
1969	13,863.44	12,528	15,131	812	12.67	64
1970	12,303.53	11,008	13,295	854	12.98	66
1971	57,786.28	51,156	61,784	4,670	13.31	351
1972	161,515.46	141,387	170,762	14,981	13.65	1,098
1973	31,891.77	27,587	33,319	3,357	14.00	240
1974	14,392.64	12,294	14,848	1,704	14.37	119
1975	14,339.24	12,087	14,598	1,892	14.75	128
1976	2,475.81	2,069	2,499	348	14.85	23
1977	2,981.35	2,455	2,965	464	15.26	30

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 378 MEASURING AND REGULATING STATION EQUIPMENT - GENERAL

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2015

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUTURE BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 41-S0						
NET SALVAGE PERCENT.. -15						
1978	7,355.99	5,964	7,203	1,256	15.69	80
1979	14,028.25	11,248	13,585	2,547	15.85	161
1980	18,626.35	14,677	17,726	3,694	16.31	226
1981	58,187.08	45,248	54,649	12,266	16.52	742
1982	81,803.81	62,400	75,364	18,710	17.01	1,100
1983	51,273.91	38,516	46,518	12,447	17.25	722
1984	90,093.28	66,578	80,410	23,197	17.52	1,324
1985	151,841.01	110,253	133,159	41,458	17.81	2,328
1986	140,285.86	99,475	120,142	41,187	18.34	2,246
1987	441,834.32	308,422	372,500	135,609	18.45	7,350
1988	255,983.26	174,862	211,192	83,189	18.80	4,425
1989	221,857.01	148,081	178,847	76,289	19.16	3,982
1990	93,318.21	60,752	73,374	33,942	19.55	1,736
1991	102,556.59	65,303	78,870	39,070	19.75	1,978
1992	127,502.54	78,915	95,311	51,317	20.17	2,544
1993	232,391.93	140,093	169,199	98,052	20.42	4,802
1994	132,390.33	77,586	93,705	58,544	20.69	2,830
1995	252,276.32	143,318	173,094	117,024	21.00	5,573
1996	154,231.97	84,746	102,353	75,014	21.31	3,520
1997	171,524.91	90,855	109,731	87,523	21.66	4,041
1998	72,763.84	37,195	44,923	38,755	21.87	1,772
1999	58,635.74	28,820	34,808	32,623	22.11	1,475
2000	43,367.02	20,408	24,648	25,224	22.38	1,127
2001	218,298.52	97,907	118,248	132,795	22.68	5,855
2002	250,411.20	106,521	128,652	159,321	23.00	6,927
2004	116,766.75	44,165	53,341	80,941	23.47	3,449
2005	63,161.98	22,270	26,897	45,739	23.75	1,926
2006	52,677.39	17,204	20,778	39,801	23.95	1,662
2007	72,746.13	21,759	26,280	57,378	24.18	2,373
2008	166,854.46	45,188	54,576	137,307	24.35	5,639
2009	109,374.06	26,326	31,796	93,984	24.56	3,827
2010	46,409.45	9,687	11,700	41,671	24.80	1,680
2011	188,003.66	33,079	39,952	176,252	24.91	7,076
2012	689,575.58	97,382	117,614	675,398	24.99	27,027
2013	272,576.02	28,368	34,262	279,200	25.12	11,115
2014	425,662.64	27,608	33,344	456,168	25.10	18,174
2015	3,922,466.25	88,412	106,780	4,404,056	24.95	176,515
	9,992,551.53	2,961,891	3,572,331	7,919,103		331,538

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. 23.9 3.32

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 379.1 MEASURING AND REGULATING EQUIPMENT - CITY GATE

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2015

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUTURE BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 40-R1.5						
NET SALVAGE PERCENT.. -15						
1929	20.64	24	24			
1935	168.99	194	194			
1936	95.41	110	110			
1965	522.68	519	601			
1982	6,291.95	5,066	7,236			
1983	1,594.90	1,264	1,821	13	14.67	1
1987	243,572.89	177,225	255,326	24,783	16.55	1,497
1992	2,633.13	1,679	2,419	609	18.87	32
	254,900.59	186,081	267,731	25,405		1,530

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. 16.6 0.60

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 380 SERVICES

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2015

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUTURE BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 40-R1.5						
NET SALVAGE PERCENT.. -65						
1945	62.58	99	88	15	3.03	5
1946	113.87	180	161	27	2.96	9
1948	183.87	289	258	45	3.42	13
1949	146.44	228	203	39	3.92	10
1953	150.17	231	206	42	4.62	9
1954	6,785.76	10,329	9,217	1,980	5.17	383
1955	18,463.03	28,015	24,998	5,466	5.29	1,033
1956	47,604.16	71,972	64,222	14,325	5.44	2,633
1957	57,947.02	87,256	77,861	17,752	5.60	3,170
1958	58,098.43	86,545	77,226	18,636	6.19	3,011
1959	80,341.89	119,096	106,272	26,292	6.39	4,115
1960	68,934.64	101,640	90,696	23,046	6.61	3,487
1961	80,935.88	118,641	105,866	27,678	6.85	4,041
1962	91,278.92	132,959	118,643	31,967	7.10	4,502
1963	99,508.03	143,960	128,459	35,729	7.38	4,841
1964	141,771.31	203,606	181,683	52,240	7.67	6,811
1965	158,631.44	226,040	201,701	60,041	7.98	7,524
1966	109,740.23	155,070	138,373	42,698	8.30	5,144
1967	155,335.50	217,550	194,125	62,179	8.64	7,197
1968	200,182.28	277,717	247,814	82,487	8.99	9,175
1969	142,600.29	195,856	174,767	60,523	9.36	6,466
1970	152,125.51	207,859	185,478	65,529	9.45	6,934
1971	157,165.15	212,333	189,470	69,852	9.85	7,092
1972	235,927.49	314,967	281,053	108,227	10.26	10,548
1973	89,715.98	118,277	105,541	42,490	10.69	3,975
1974	90,159.34	117,909	105,213	43,550	10.86	4,010
1975	75,755.55	97,697	87,177	37,820	11.32	3,341
1976	149,073.07	189,447	169,048	76,923	11.78	6,530
1977	303,100.68	379,288	338,448	161,668	12.26	13,187
1978	424,155.65	524,893	468,375	231,482	12.50	18,519
1979	674,016.39	819,971	731,680	380,447	13.00	29,265
1980	613,774.28	737,063	657,699	355,029	13.28	26,734
1981	694,648.98	818,595	730,452	415,719	13.81	30,103
1982	723,676.00	836,085	746,059	448,006	14.34	31,242
1983	621,753.28	706,840	630,730	395,163	14.67	26,937
1984	803,841.28	894,085	797,814	528,524	15.23	34,703
1985	1,032,023.88	1,126,939	1,005,595	697,244	15.59	44,724
1986	1,083,392.28	1,160,151	1,035,231	752,366	15.95	47,170
1987	1,326,243.56	1,384,539	1,235,458	952,844	16.55	57,574
1988	1,344,381.82	1,372,641	1,224,841	993,389	16.94	58,642
1989	2,504,745.08	2,486,310	2,218,594	1,914,235	17.55	109,073
1990	2,259,695.69	2,186,764	1,951,302	1,777,196	17.98	98,843

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 380 SERVICES

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2015

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUTURE BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 40-R1.5						
NET SALVAGE PERCENT.. -65						
1991	2,018,027.94	1,900,619	1,695,968	1,633,778	18.42	88,696
1992	2,741,421.41	2,508,647	2,238,526	2,284,819	18.87	121,082
1993	3,163,356.03	2,807,067	2,504,814	2,714,723	19.34	140,368
1994	3,637,577.22	3,122,842	2,786,587	3,215,415	19.82	162,231
1995	3,639,713.87	3,015,976	2,691,228	3,314,300	20.32	163,105
1996	3,803,687.64	3,035,115	2,708,306	3,567,779	20.82	171,363
1997	3,777,872.02	2,894,832	2,583,128	3,650,361	21.34	171,057
1998	3,656,368.35	2,681,672	2,392,921	3,640,087	21.87	166,442
1999	3,158,573.24	2,218,598	1,979,709	3,231,937	22.26	145,190
2000	3,522,894.33	2,351,849	2,098,612	3,714,164	22.81	162,831
2001	2,945,533.28	1,867,262	1,666,203	3,193,927	23.24	137,432
2002	2,843,647.35	1,704,141	1,520,646	3,171,372	23.67	133,983
2003	2,959,498.92	1,666,139	1,486,736	3,396,437	24.13	140,756
2004	3,357,260.48	1,770,972	1,580,281	3,959,199	24.47	161,798
2005	2,605,321.06	1,277,597	1,140,031	3,158,749	24.83	127,215
2006	2,671,132.69	1,205,856	1,076,014	3,331,355	25.22	132,092
2007	2,972,153.11	1,221,109	1,089,625	3,814,428	25.63	148,827
2008	3,548,236.62	1,317,283	1,175,443	4,679,147	25.83	181,152
2009	4,440,733.28	1,462,511	1,305,034	6,022,176	26.07	231,000
2010	3,698,751.60	1,057,029	943,212	5,159,728	26.25	196,561
2011	4,746,115.04	1,144,905	1,021,627	6,809,463	26.27	259,211
2012	5,745,298.21	1,114,818	994,779	8,484,963	26.26	323,114
2013	6,455,984.21	937,409	836,473	9,815,901	25.91	378,846
2014	7,937,030.20	738,620	659,088	12,437,012	25.10	495,498
2015	8,333,630.69	299,761	267,484	13,483,007	22.49	599,511
	115,258,005.47	64,192,561	57,280,572	132,895,137		5,882,086

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. 22.6 5.10

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 381 METERS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2015

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUTURE BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 37-R2						
NET SALVAGE PERCENT.. +4						
1930	21.50	21	21			
1939	164.50	158	158			
1940	13.34	13	13			
1941	1,058.66	1,016	1,016			
1942	263.60	253	253			
1943	69.29	67	67			
1944	34.55	33	33			
1945	338.36	325	325			
1946	737.08	708	708			
1947	4,280.44	4,109	4,109			
1948	4,545.71	4,360	3,692	672	0.07	672
1949	2,834.87	2,696	2,283	438	0.62	438
1950	5,609.67	5,326	4,510	875	0.73	875
1951	3,426.30	3,246	2,749	540	0.86	540
1952	3,517.84	3,302	2,796	581	1.44	403
1953	4,247.56	3,976	3,367	711	1.60	444
1954	15,729.07	14,673	12,426	2,674	1.79	1,494
1955	2,839.80	2,639	2,235	491	2.00	246
1956	13,410.90	12,410	10,510	2,364	2.23	1,060
1957	12,806.64	11,724	9,929	2,365	2.85	830
1958	12,137.89	11,056	9,363	2,289	3.10	738
1959	57,285.17	51,892	43,946	11,048	3.38	3,269
1960	47,626.02	42,886	36,319	9,402	3.67	2,562
1961	22,551.16	20,294	17,186	4,463	3.64	1,226
1962	31,263.16	27,939	23,661	6,352	3.97	1,600
1963	19,878.54	17,633	14,933	4,150	4.32	961
1964	40,206.51	35,383	29,965	8,633	4.68	1,845
1965	83,440.33	73,214	62,003	18,100	4.75	3,811
1966	63,024.10	54,804	46,412	14,091	5.15	2,736
1967	87,262.83	75,161	63,652	20,120	5.56	3,619
1968	65,479.87	56,135	47,539	15,322	5.69	2,693
1969	55,047.30	46,689	39,540	13,305	6.13	2,170
1970	112,430.24	94,787	80,272	27,661	6.31	4,384
1971	111,045.36	92,980	78,742	27,862	6.52	4,273
1972	103,461.52	85,547	72,447	26,876	7.01	3,834
1973	53,569.28	43,929	37,202	14,225	7.25	1,962
1974	35,961.06	29,227	24,752	9,771	7.52	1,299
1975	37,600.97	30,116	25,504	10,593	8.04	1,318
1976	12,660.48	10,034	8,498	3,656	8.34	438
1977	18,112.57	14,192	12,019	5,369	8.67	619
1978	20,852.72	16,139	13,668	6,351	9.01	705
1979	163,036.95	123,960	104,978	51,537	9.59	5,374

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 381 METERS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2015

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUTURE BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 37-R2						
NET SALVAGE PERCENT.. +4						
1980	223,627.00	167,667	141,992	72,690	9.95	7,306
1981	209,604.67	154,819	131,112	70,108	10.34	6,780
1982	229,091.97	166,508	141,011	78,917	10.75	7,341
1983	123,886.22	88,508	74,955	43,976	11.17	3,937
1984	133,570.49	93,298	79,011	49,217	11.79	4,174
1985	265,135.77	181,658	153,841	100,689	12.24	8,226
1986	272,379.59	182,830	154,833	106,651	12.69	8,404
1987	210,277.33	138,077	116,933	84,933	13.17	6,449
1988	268,313.11	172,115	145,759	111,822	13.65	8,192
1989	266,704.92	166,910	141,351	114,686	14.15	8,105
1990	277,777.79	169,333	143,403	123,264	14.66	8,408
1991	274,322.11	162,592	137,694	125,655	15.18	8,278
1992	224,291.40	129,020	109,263	106,057	15.72	6,747
1993	164,460.91	91,651	77,617	80,265	16.26	4,936
1994	411,861.58	221,891	187,913	207,474	16.81	12,342
1995	27,005.28	14,031	11,882	14,043	17.38	808
1996	567,429.45	283,588	240,163	304,569	17.96	16,958
1997	24,068.09	11,585	9,811	13,294	18.40	722
1998	588,369.41	270,838	229,365	335,470	19.00	17,656
1999	294,775.75	129,324	109,521	173,464	19.60	8,850
2000	25,710.78	10,752	9,106	15,576	20.09	775
2001	244,033.97	96,473	81,700	152,573	20.71	7,367
2002	160,851.35	60,037	50,844	103,573	21.22	4,881
2003	438,995.51	153,318	129,841	291,595	21.86	13,339
2004	791,910.28	257,871	218,383	541,851	22.40	24,190
2005	638,161.64	192,367	162,910	449,725	22.94	19,604
2006	331,018.62	91,774	77,721	240,057	23.39	10,263
2007	451,886.17	113,572	96,181	337,630	23.97	14,086
2008	366,901.40	82,703	70,039	282,186	24.45	11,541
2009	594,904.19	118,048	99,971	471,137	24.95	18,883
2010	324,776.55	55,560	47,052	264,733	25.36	10,439
2011	306,440.41	43,833	37,121	257,062	25.71	9,999
2012	445,677.18	50,743	42,973	384,877	26.00	14,803
2013	416,072.40	34,830	29,496	369,934	26.15	14,147
2014	452,474.51	23,717	20,085	414,291	25.97	15,953
2015	894,263.50	17,170	14,541	843,952	24.56	34,363
	13,270,915.01	5,524,063	4,679,195	8,060,883		437,690

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. 18.4 3.30

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 381.1 METERS - AMI

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2015

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUTURE BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 15-S2.5						
NET SALVAGE PERCENT.. 0						
2011	319,311.64	104,606	33,521	285,791	9.24	30,930
2012	363,072.68	93,019	29,808	333,265	10.16	32,802
2013	374,851.44	68,898	22,079	352,772	11.10	31,781
2014	6,793,132.32	749,962	240,328	6,552,804	12.09	542,002
2015	854,710.98	31,453	10,079	844,632	13.09	64,525
	8,705,079.06	1,047,938	335,815	8,369,264		702,040
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT ..						11.9 8.06

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 382 METER INSTALLATIONS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2015

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUTURE BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 42-S2						
NET SALVAGE PERCENT.. -5						
1952	6.13	6	6			
1955	10.84	11	11			
1956	1.28	1	1			
1957	61.65	59	62	3	5.20	1
1959	4,692.64	4,482	4,737	190	5.61	34
1960	12,641.78	12,008	12,691	583	5.85	100
1961	9,937.29	9,382	9,916	518	6.11	85
1962	10,982.14	10,302	10,888	643	6.38	101
1963	12,772.01	11,898	12,575	836	6.67	125
1964	21,577.45	19,951	21,086	1,570	6.98	225
1965	30,167.04	27,833	29,416	2,259	6.97	324
1966	25,771.33	23,575	24,916	2,144	7.32	293
1967	30,110.37	27,294	28,847	2,769	7.68	361
1968	53,745.66	48,250	50,995	5,438	8.06	675
1969	64,184.35	57,352	60,614	6,780	8.14	833
1970	60,058.98	53,086	56,106	6,956	8.55	814
1971	68,604.99	59,948	63,358	8,677	8.97	967
1972	98,900.92	85,829	90,711	13,135	9.13	1,439
1973	42,060.49	36,037	38,087	6,077	9.58	634
1974	4,616.51	3,922	4,145	702	9.78	72
1975	9,163.42	7,676	8,113	1,509	10.26	147
1976	13,620.24	11,298	11,941	2,360	10.50	225
1977	19,253.61	15,801	16,700	3,516	10.76	327
1978	21,090.40	17,025	17,993	4,152	11.28	368
1979	31,332.65	24,977	26,398	6,501	11.58	561
1980	37,268.71	29,310	30,977	8,155	11.90	685
1981	64,168.23	49,508	52,324	15,053	12.45	1,209
1982	74,963.48	56,956	60,196	18,516	12.80	1,447
1983	62,683.34	46,849	49,514	16,304	13.16	1,239
1984	71,220.82	52,295	55,270	19,512	13.55	1,440
1985	88,244.69	63,303	66,904	25,753	14.14	1,821
1986	131,669.04	92,574	97,840	40,412	14.56	2,776
1987	247,939.00	170,650	180,357	79,979	14.98	5,339
1988	244,345.86	164,406	173,758	82,805	15.42	5,370
1989	312,022.64	204,044	215,651	111,973	16.05	6,977
1990	341,379.38	217,542	229,917	128,531	16.52	7,780
1991	321,497.20	199,303	210,640	126,932	17.00	7,467
1992	371,094.38	222,490	235,146	154,503	17.65	8,754
1993	357,075.96	207,524	219,329	155,601	18.15	8,573
1994	398,887.49	223,321	236,024	182,808	18.82	9,713
1995	384,127.80	206,709	218,467	184,867	19.50	9,480
1996	452,244.71	234,294	247,621	227,236	20.02	11,350

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 382 METER INSTALLATIONS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2015

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUTURE BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 42-S2						
NET SALVAGE PERCENT.. -5						
1997	230,840.40	114,356	120,861	121,521	20.71	5,868
1998	377,499.09	178,289	188,431	207,943	21.41	9,712
1999	262,549.01	117,824	124,526	151,150	22.11	6,836
2000	312,834.70	132,902	140,462	188,014	22.81	8,243
2001	227,230.44	90,641	95,797	142,795	23.67	6,033
2002	226,800.45	84,873	89,701	148,439	24.38	6,089
2003	269,319.03	93,658	98,986	183,799	25.24	7,282
2004	250,025.01	80,307	84,875	177,651	26.09	6,809
2005	126,960.84	37,380	39,506	93,803	26.95	3,481
2006	273,290.00	73,059	77,215	209,740	27.81	7,542
2007	232,032.47	55,695	58,863	184,771	28.68	6,443
2008	148,560.02	31,478	33,269	122,719	29.67	4,136
2009	145,845.86	26,876	28,405	124,733	30.54	4,084
2010	153,505.06	23,935	25,296	135,884	31.54	4,308
2011	129,507.36	16,522	17,462	118,521	32.54	3,642
2012	179,930.88	17,854	18,869	170,058	33.54	5,070
2013	164,876.76	11,686	12,351	160,770	34.54	4,655
2014	166,632.42	7,086	7,489	167,475	35.54	4,712
2015	507,394.63	7,192	7,601	525,163	36.54	14,372
	8,991,831.33	4,210,694	4,450,213	4,991,210		219,448

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. 22.7 2.44

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 383 HOUSE REGULATORS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2015

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUTURE BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 45-S1.5						
NET SALVAGE PERCENT.. -5						
1950	235.47	227	212	35	5.93	6
1955	115.70	109	102	19	7.07	3
1960	65.64	60	56	13	8.60	2
1961	128.73	116	108	27	8.79	3
1962	288.72	260	242	61	9.00	7
1963	147.72	132	123	32	9.23	3
1964	150.22	133	124	34	9.48	4
1965	342.04	299	279	80	10.11	8
1966	558.33	485	452	134	10.38	13
1967	570.90	491	458	141	10.67	13
1968	14,739.96	12,570	11,717	3,760	10.98	342
1969	22,451.42	19,074	17,780	5,794	10.97	528
1970	23,437.16	19,707	18,370	6,239	11.32	551
1971	23,320.38	19,396	18,080	6,406	11.68	548
1972	31,201.38	25,652	23,912	8,849	12.06	734
1973	7,754.24	6,298	5,871	2,271	12.45	182
1974	2,801.08	2,246	2,094	847	12.85	66
1975	750.90	597	557	231	12.97	18
1976	7,060.23	5,535	5,160	2,253	13.41	168
1977	5,957.30	4,600	4,288	1,967	13.85	142
1978	9,571.22	7,274	6,781	3,269	14.31	228
1979	12,386.58	9,304	8,673	4,333	14.52	298
1980	10,874.14	8,026	7,482	3,936	15.01	262
1981	20,986.09	15,279	14,243	7,792	15.25	511
1982	36,461.61	26,034	24,268	14,017	15.76	889
1983	34,918.26	24,547	22,882	13,782	16.04	859
1984	37,949.65	26,108	24,337	15,510	16.58	935
1985	59,996.96	40,349	37,612	25,385	17.12	1,483
1986	59,192.97	39,057	36,408	25,745	17.45	1,475
1987	58,922.06	37,913	35,341	26,527	18.01	1,473
1988	44,550.05	28,043	26,141	20,637	18.37	1,123
1989	52,146.39	31,921	29,756	24,998	18.95	1,319
1990	51,751.34	30,897	28,801	25,538	19.35	1,320
1991	46,818.82	27,097	25,259	23,901	19.95	1,198
1992	59,920.52	33,711	31,424	31,493	20.36	1,547
1993	56,331.03	30,609	28,533	30,615	20.98	1,459
1994	44,925.13	23,633	22,030	25,141	21.42	1,174
1995	37,984.75	19,216	17,913	21,971	22.05	996
1996	73,518.97	35,826	33,396	43,799	22.52	1,945
1997	15,577.74	7,262	6,769	9,588	23.17	414
1998	7,306.78	3,249	3,029	4,643	23.82	195
1999	20,842.78	8,846	8,246	13,639	24.32	561

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 383 HOUSE REGULATORS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2015

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUTURE BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 45-S1.5						
NET SALVAGE PERCENT.. -5						
2000	14,561.20	5,853	5,456	9,833	24.99	393
2001	16,926.69	6,416	5,981	11,792	25.66	460
2002	37,688.04	13,407	12,498	27,074	26.34	1,028
2003	322,212.14	106,978	99,722	238,601	27.03	8,827
2004	702,316.91	216,215	201,550	535,883	27.72	19,332
2005	363,882.60	103,084	96,092	285,985	28.41	10,066
2006	400,167.13	102,985	96,000	324,175	29.26	11,079
2007	327,510.66	75,999	70,844	273,042	29.96	9,114
2008	362,330.11	74,491	69,439	311,008	30.81	10,094
2009	304,034.66	54,589	50,886	268,350	31.52	8,514
2010	506,507.65	77,222	71,984	459,849	32.38	14,202
2011	181,944.54	22,772	21,227	169,815	33.24	5,109
2012	340,566.59	33,292	31,034	326,561	34.09	9,579
2013	240,381.68	16,860	15,717	236,684	34.95	6,772
2014	192,707.18	8,094	7,545	194,798	35.96	5,417
2015	195,968.26	2,757	2,570	203,197	36.81	5,520
	5,504,717.40	1,553,202	1,447,854	4,332,099		150,511

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. 28.8 2.73

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 384 HOUSE REGULATOR INSTALLATIONS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2015

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUTURE BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 45-S1.5						
NET SALVAGE PERCENT.. 0						
1963	2,133.59	1,815	2,134			
1964	23.63	20	24			
1966	702.81	581	703			
1967	8,478.20	6,949	8,478			
1968	25,557.56	20,758	25,558			
1969	28,925.50	23,404	28,926			
1970	30,568.22	24,479	30,568			
1971	26,435.11	20,939	26,435			
1972	31,295.74	24,505	31,296			
1973	16,730.61	12,941	16,731			
1974	1,591.58	1,215	1,592			
1975	3,064.36	2,321	3,064			
1976	21,094.53	15,749	21,095			
1977	31,052.60	22,836	31,053			
1978	37,691.51	27,281	37,692			
1979	42,871.79	30,670	42,872			
1980	40,766.03	28,654	40,637	129	15.01	9
1981	87,762.98	60,855	86,305	1,458	15.25	96
1982	81,396.17	55,349	78,496	2,900	15.76	184
1983	59,401.97	39,770	56,402	3,000	16.04	187
1984	64,964.67	42,565	60,366	4,599	16.58	277
1985	86,803.28	55,598	78,849	7,954	17.12	465
1986	69,271.47	43,530	61,734	7,537	17.45	432
1987	73,903.91	45,288	64,227	9,677	18.01	537
1988	63,444.69	38,035	53,941	9,504	18.37	517
1989	60,983.14	35,553	50,421	10,562	18.95	557
1990	63,537.01	36,127	51,235	12,302	19.35	636
1991	61,110.67	33,684	47,771	13,340	19.95	669
1992	83,216.78	44,588	63,235	19,982	20.36	981
1993	79,837.16	41,316	58,594	21,243	20.98	1,013
1994	122,269.98	61,257	86,875	35,395	21.42	1,652
1995	95,362.56	45,946	65,161	30,202	22.05	1,370
1996	145,436.70	67,497	95,724	49,713	22.52	2,208
1997	122,097.88	54,211	76,882	45,216	23.17	1,951
1998	129,614.44	54,892	77,848	51,766	23.82	2,173
1999	109,553.26	44,281	62,800	46,753	24.32	1,922
2000	40,904.07	15,658	22,206	18,698	24.99	748
2001	20,583.15	7,431	10,539	10,044	25.66	391

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 384 HOUSE REGULATOR INSTALLATIONS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2015

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUTURE BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 45-S1.5						
NET SALVAGE PERCENT.. 0						
2002	92,533.60	31,350	44,461	48,073	26.34	1,825
2003	92,619.49	29,286	41,533	51,086	27.03	1,890
2015	1,929.60	26	37	1,893	36.81	51
	2,257,522.00	1,249,210	1,744,500	513,022		22,741
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT ..						22.6 1.01

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 385 INDUSTRIAL MEASURING AND REGULATING STATION EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2015

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUTURE BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 32-R0.5						
NET SALVAGE PERCENT.. -10						
1949	98.34	108	108			
1950	139.70	154	154			
1951	41.15	45	45			
1952	115.82	127	127			
1955	152.38	163	99	69	1.61	43
1956	12.76	14	14			
1957	1,653.10	1,745	1,055	763	2.48	308
1958	51.97	54	33	24	3.10	8
1959	3,759.22	3,902	2,358	1,777	3.38	526
1960	560.70	579	350	267	3.67	73
1961	1,277.81	1,302	787	619	4.32	143
1962	4,064.68	4,114	2,486	1,985	4.64	428
1963	1,120.57	1,126	680	553	4.97	111
1964	5,808.12	5,791	3,500	2,889	5.32	543
1965	6,548.48	6,475	3,913	3,290	5.68	579
1966	5,379.82	5,273	3,187	2,731	6.06	451
1967	7,407.21	7,192	4,346	3,802	6.45	589
1968	8,682.63	8,347	5,045	4,506	6.85	658
1969	10,280.64	9,834	5,943	5,366	6.97	770
1970	23,409.90	22,146	13,384	12,367	7.41	1,669
1971	53,116.33	49,664	30,014	28,414	7.85	3,620
1972	6,097.42	5,660	3,421	3,286	8.05	408
1973	17,322.32	15,872	9,592	9,463	8.52	1,111
1974	8,056.54	7,318	4,423	4,439	8.75	507
1975	5,719.09	5,121	3,095	3,196	9.25	346
1976	1,332.72	1,181	714	752	9.52	79
1977	6,894.21	6,044	3,653	3,931	9.81	401
1978	2,050.57	1,776	1,073	1,183	10.12	117
1980	11,919.52	10,007	6,048	7,063	11.01	642
1981	38,651.97	31,977	19,325	23,192	11.37	2,040
1982	14,682.72	11,958	7,227	8,924	11.75	759
1983	25,008.01	20,114	12,156	15,353	11.95	1,285
1984	50,075.83	39,561	23,909	31,174	12.36	2,522
1985	20,145.97	15,614	9,436	12,725	12.79	995
1986	31,634.27	24,122	14,578	20,220	13.06	1,548
1987	220,780.59	164,731	99,555	143,304	13.52	10,599
1988	2,690.36	1,969	1,190	1,769	13.82	128
1989	41,450.65	29,724	17,964	27,632	14.15	1,953
1990	28,849.30	20,151	12,178	19,556	14.66	1,334
1991	26,185.78	17,853	10,789	18,015	15.03	1,199
1992	37,233.45	24,832	15,007	25,950	15.26	1,701
1993	34,858.14	22,604	13,661	24,683	15.67	1,575

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 385 INDUSTRIAL MEASURING AND REGULATING STATION EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2015

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUTURE BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 32-R0.5						
NET SALVAGE PERCENT.. -10						
1994	53,441.23	33,743	20,393	38,392	15.96	2,406
1995	50,966.08	31,148	18,824	37,239	16.40	2,271
1996	125,610.14	74,364	44,942	93,229	16.73	5,573
1997	96,616.40	55,243	33,386	72,892	17.09	4,265
1998	15,729.32	8,689	5,251	12,051	17.34	695
1999	26,657.06	14,175	8,567	20,756	17.63	1,177
2000	65,140.15	33,205	20,067	51,587	17.95	2,874
2001	43,485.33	21,152	12,783	35,051	18.29	1,916
2002	107,855.38	50,138	30,301	88,340	18.45	4,788
2003	51,104.45	22,486	13,589	42,626	18.75	2,273
2004	133,846.07	55,712	33,670	113,561	18.89	6,012
2005	663,238.96	258,922	156,480	573,083	19.09	30,020
2006	4,223.41	1,536	928	3,718	19.24	193
2007	54,533.27	18,356	11,094	48,893	19.28	2,536
2008	55,020.71	16,934	10,234	50,289	19.31	2,604
2009	66,748.63	18,517	11,191	62,232	19.27	3,229
2010	22,005.44	5,405	3,267	20,939	19.13	1,095
2011	197,187.18	41,689	25,195	191,711	18.92	10,133
2012	139,719.79	24,468	14,787	138,905	18.48	7,517
2013	62,659.15	8,492	5,132	63,793	17.78	3,588
2014	97,622.92	8,913	5,386	101,999	16.58	6,152
2015	148,631.36	5,771	3,488	160,006	13.66	11,713
	3,047,363.19	1,415,402	855,577	2,496,523		154,798
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. 16.1						5.08

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 387.4 OTHER EQUIPMENT - CUSTOMER INFORMATION SERVICES

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2015

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUTURE BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 33-R2.5						
NET SALVAGE PERCENT.. -5						
1984	3,776.70	3,173	2,831	1,135	7.87	144
1985	58,185.04	48,075	42,890	18,204	8.26	2,204
1986	40,325.42	32,726	29,197	13,145	8.67	1,516
1987	46,822.78	37,129	33,125	16,039	9.24	1,736
1988	78,511.45	60,987	54,410	28,027	9.67	2,898
1989	99,558.80	75,350	67,224	37,313	10.26	3,637
1990	86,849.38	64,181	57,259	33,933	10.73	3,162
1991	52,805.10	37,902	33,814	21,631	11.34	1,907
1992	129,101.06	90,145	80,423	55,133	11.84	4,657
1993	69,120.15	46,703	41,666	30,910	12.47	2,479
1994	263,672.19	172,620	154,004	122,852	12.98	9,465
1995	24,370.97	15,369	13,712	11,878	13.63	871
1996	98,439.45	59,660	53,226	50,135	14.28	3,511
1998	146,116.94	81,345	72,572	80,851	15.50	5,216
1999	302,152.73	160,724	143,390	173,870	16.07	10,820
2000	93,514.64	47,180	42,092	56,098	16.76	3,347
2001	2,937.84	1,404	1,253	1,832	17.35	106
2002	602,076.98	270,573	241,392	390,789	18.04	21,662
2003	346,619.72	146,017	130,269	233,682	18.65	12,530
2004	300,848.05	117,701	105,007	210,883	19.36	10,893
2005	26,106.20	9,441	8,423	18,989	19.99	950
2006	22,127.77	7,328	6,538	16,696	20.62	810
2007	30,228.82	9,040	8,065	23,675	21.35	1,109
2009	31,564.93	7,411	6,612	26,531	22.57	1,175
2010	12,259.48	2,464	2,198	10,674	23.24	459
2011	169,202.07	28,213	25,170	152,492	23.83	6,399
2012	185,280.73	24,435	21,800	172,745	24.36	7,091
2013	419,376.39	40,292	35,947	404,398	24.82	16,293
2014	213,802.63	12,706	11,336	213,157	25.02	8,519
2015	505,414.04	10,614	9,469	521,216	24.50	21,274
	4,461,168.45	1,720,908	1,535,314	3,148,913		166,840

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. 18.9 3.74

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 391.1 OFFICE FURNITURE AND EQUIPMENT - FURNITURE

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2015

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUTURE BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. 20-SQUARE						
NET SALVAGE PERCENT.. 0						
1996	106,178.25	103,524	101,309	4,869	0.50	4,869
1997	4,658.70	4,309	4,217	442	1.50	295
1998	23,170.37	20,274	19,840	3,330	2.50	1,332
1999	19,222.76	15,859	15,520	3,703	3.50	1,058
2000	11,837.49	9,174	8,978	2,859	4.50	635
2001	1,551.84	1,125	1,101	451	5.50	82
2002	21,787.36	14,706	14,391	7,396	6.50	1,138
2011	12,228.11	2,751	2,692	9,536	15.50	615
2013	22,550.07	2,819	2,759	19,791	17.50	1,131
2015	490,295.76	12,257	11,995	478,301	19.50	24,528
	713,480.71	186,798	182,802	530,679		35,683
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT ..						14.9 5.00

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 391.11 OFFICE FURNITURE AND EQUIPMENT - EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2015

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUTURE BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. 15-SQUARE						
NET SALVAGE PERCENT.. 0						
2005	18,815.57	13,171	13,169	5,647	4.50	1,255
	18,815.57	13,171	13,169	5,647		1,255
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT ..						4.5 6.67

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 391.12 OFFICE FURNITURE AND EQUIPMENT - INFORMATION SYSTEMS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2015

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUTURE BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. 5-SQUARE						
NET SALVAGE PERCENT.. 0						
2011	573,921.04	516,529	459,997	113,924	0.50	113,924
2013	30,842.68	15,421	13,733	17,110	2.50	6,844
2014	7,431.08	2,229	1,985	5,446	3.50	1,556
2015	55,943.18	5,594	4,982	50,961	4.50	11,325
	668,137.98	539,773	480,697	187,441		133,649
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. 1.4						20.00

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 392.2 TRANSPORTATION EQUIPMENT - TRAILERS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2015

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUTURE BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 16-L4						
NET SALVAGE PERCENT.. +10						
1998	1,494.24	1,170	604	741	2.62	283
2004	45,359.00	29,156	15,040	25,783	4.60	5,605
2011	24,462.20	6,570	3,389	18,627	10.58	1,761
2012	48,924.76	10,215	5,270	38,762	11.58	3,347
	120,240.20	47,111	24,303	83,913		10,996
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT ..						7.6 9.15

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 394 TOOLS, SHOP AND GARAGE EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2015

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUTURE BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. 25-SQUARE						
NET SALVAGE PERCENT.. 0						
1991	36,672.60	35,939	35,855	818	0.50	818
1992	52,486.66	49,337	49,222	3,265	1.50	2,177
1993	148,848.49	133,964	133,651	15,197	2.50	6,079
1994	208,710.04	179,491	179,072	29,638	3.50	8,468
1995	36,384.84	29,836	29,766	6,619	4.50	1,471
1996	187,442.53	146,205	145,864	41,579	5.50	7,560
1997	74,023.87	54,778	54,650	19,374	6.50	2,981
1998	142,623.01	99,836	99,603	43,020	7.50	5,736
1999	26,525.45	17,507	17,466	9,059	8.50	1,066
2000	55,442.14	34,374	34,294	21,148	9.50	2,226
2001	57,333.67	33,254	33,176	24,158	10.50	2,301
2002	213,892.58	115,502	115,233	98,660	11.50	8,579
2003	19,351.62	9,676	9,653	9,699	12.50	776
2004	87,815.91	40,395	40,301	47,515	13.50	3,520
2006	21,390.02	8,128	8,109	13,281	15.50	857
2007	21,155.23	7,193	7,176	13,979	16.50	847
2008	195,331.69	58,600	58,464	136,868	17.50	7,821
2009	57,235.97	14,881	14,846	42,390	18.50	2,291
2010	96,292.90	21,184	21,135	75,158	19.50	3,854
2011	129,991.20	23,398	23,344	106,647	20.50	5,202
2012	161,998.60	22,680	22,627	139,372	21.50	6,482
2013	436,365.86	43,637	43,535	392,831	22.50	17,459
2014	223,303.32	13,398	13,367	209,936	23.50	8,933
2015	254,798.75	5,096	5,084	249,715	24.50	10,192
	2,945,416.95	1,198,289	1,195,493	1,749,924		117,696

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. 14.9 4.00

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 395 LABORATORY EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2015

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUTURE BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. 20-SQUARE						
NET SALVAGE PERCENT.. 0						
1997	5,095.72	4,714	4,713	383	1.50	255
2004	4,162.05	2,393	2,393	1,769	8.50	208
	9,257.77	7,107	7,106	2,152		463
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT ..						4.6 5.00

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 396 POWER OPERATED EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2015

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUTURE BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 18-S0.5						
NET SALVAGE PERCENT.. +10						
1985	3,980.30	3,387	3,582			
1989	4,490.61	3,620	4,042			
1991	6,574.03	5,146	5,917			
1994	57,662.78	42,732	49,536	2,361	4.61	512
2002	83,056.36	48,640	56,385	18,366	7.25	2,533
2004	102,490.64	54,524	63,205	29,037	7.96	3,648
	258,254.72	158,049	182,667	49,762		6,693
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT ..						7.4 2.59

COLUMBIA GAS OF KENTUCKY, INC.

ACCOUNT 398 MISCELLANEOUS EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2015

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUTURE BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
FULLY ACCRUED						
NET SALVAGE PERCENT.. 0						
1993	3,290.19	3,290	3,290			
	3,290.19	3,290	3,290			
AMORTIZED						
SURVIVOR CURVE.. 15-SQUARE						
NET SALVAGE PERCENT.. 0						
2001	5,796.64	5,603	5,474	322	0.50	322
2005	1,508.23	1,056	1,032	476	4.50	106
2009	20,748.53	8,991	8,785	11,964	8.50	1,408
2010	8,738.69	3,204	3,130	5,608	9.50	590
2011	46,730.80	14,019	13,697	33,033	10.50	3,146
2014	4,263.86	426	416	3,848	13.50	285
	87,786.75	33,299	32,535	55,252		5,857
	91,076.94	36,589	35,825	55,252		5,857
COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT ..						9.4 6.43

Columbia Gas of Kentucky, Inc.
CASE NO. 2016-00162
Forecasted Test Period Filing Requirements
807 KAR 5:001 Section 16-(7)(t)

Description of Filing Requirement:

A list of all commercially available or in-house developed computer software, programs, and models used in the development of the schedules and work papers associated with the filing of the utility's application. This list shall include each software, program, or model; what the software, program, or model was used for; identify the supplier of each software, program, or model; a brief description of the software, program, or model; the specifications for the computer hardware and the operating system required to run the program;

Response:

Schedules and work papers presented in this application were prepared with Microsoft Office Excel and Word 2013 software. Word 2013 was used for prepared testimony and other documents. Longview 7 version 7.1 from Longview Solutions was used to support the budget used in this application. Adobe Acrobat XI Pro was used for assembling documents and schedules into Pdf formats for electronic submission. Columbia uses Windows 7 operating systems on IBM personal computers with 2.5 GHz or greater processors and at least 4GB of RAM. There are also references in testimony to software and models used.

Responsible Witness:

Herbert A. Miller, Jr.

Columbia Gas of Kentucky, Inc.
CASE NO. 2016-00162
Forecasted Test Period Filing Requirements
807 KAR 5:001 Section 16-(7)(u)

Description of Filing Requirement:

If the utility had amounts charged or allocated to it by an affiliate or a general or home office or paid monies to an affiliate or a general or home office during the base period or during the previous three (3) calendar years, the utility shall file:

1. A detailed description of the method and amounts allocated or charged to the utility by the affiliate or general or home office for each allocation or payment;
2. The method and amounts allocated during the base period and the method and estimated amounts to be allocated during the forecasted test period;
3. An explanation of how the allocator for both the base period and the forecasted test period were determined; and
4. All facts relied upon, including other regulatory approval, to demonstrate that each amount charged, allocated, or paid during the base period is reasonable;

Response:

Please refer to the attached.

Responsible Witness:

Austin M. Schauer

Columbia Gas of Kentucky, Inc.
Case No. 2016-00162

Filing Requirement #16-7-U(1-4)

Description of Filing Requirement:

If the utility had any amounts charged or allocated to it by an affiliate or general or home office during the test period or during the previous three (3) calendar years, the utility shall file:

1. A detailed description of the method or calculation and amounts allocated or charged to that utility by the affiliate

NiSource Corporate Services Company (NCSC) is regulated by the Public Utility Holding Company Act of 2005 (PUHCA 2005) which was enacted on February 8, 2006. PUHCA 2005 transferred regulatory jurisdiction over public utility holding companies from the U. S. Securities and Exchange Commission (“SEC”) to the Federal Energy Regulatory Commission (“FERC”). Per FERC Order No. 684 issued October 19, 2006, Centralized Service Companies must use a cost accumulation system, provided such system supports the allocation of expenses to the services performed and readily identifies the source of the expense and the basis for the allocation. In compliance with FERC, NCSC uses a billing pool system to collect costs that are applicable and billable to affiliates.

NCSC utilizes a 4-digit billing pool value as part of the required account classification coding, which is used to calculate and bill charges to its NiSource affiliates (known as “contract billing”). NCSC will bill charges directly to a client to the extent possible while any remaining costs are then allocated. Transactions are coded using a 4-digit numeric billing pool to directly bill affiliates when possible.

When it is impractical or inappropriate to charge a Client directly, a 4-digit alphanumeric billing pool is utilized to signify that the costs are to be allocated between multiple NCSC clients. The 4-digit alphanumeric codes align with the following Bases of Allocation which are filed annually with the FERC. Provided below are the Bases of Allocation for the Company, including a description of each basis and its numerator and denominator.

BASIS 1

GROSS FIXED ASSETS AND TOTAL OPERATING EXPENSES

- Fifty percent of the total charges will be allocated on the basis of the relation of the affiliate's gross fixed assets to the total gross fixed assets of all benefited affiliates; the remaining 50% will be allocated on the basis of the relation of the affiliate's total operating expenses to the total operating expenses of all benefited affiliates. All companies may be included in this allocation.

BASIS 2

GROSS FIXED ASSETS

- Charges will be allocated to each benefited affiliate on the basis of the relation of its total gross fixed assets to the sum of the total gross fixed assets of all benefited affiliates. All companies may be included in this allocation.

BASIS 3

NUMBER OF METERS SERVICED

- Charges will be allocated to each benefited affiliate on the basis of the relation of its number of meters serviced to the total number of all meters serviced of the benefited affiliates. This allocation may only be used by the following companies: Columbia Gas of Virginia, Columbia Gas of Kentucky, Columbia Gas of Ohio, Columbia Gas of Pennsylvania, Columbia Gas of Maryland, and Bay State Gas Company.

BASIS 4

NUMBER OF ACCOUNTS PAYABLE INVOICES PROCESSED

- Charges will be allocated to each benefited affiliate on the basis of the relation of its number of accounts payable invoices processed (interface invoices excluded) to the total number of all accounts payable invoices processed of the benefited affiliates. All companies may be included in this allocation.

BASIS 7

GROSS DEPRECIABLE PROPERTY AND TOTAL OPERATING EXPENSE

- Fifty percent of the total charges will be allocated on the basis of the relation of the affiliate's total operating expenses to the total of all the benefited affiliates' total operating expense; the remaining 50% will be allocated on the basis of the relation of the affiliate's gross depreciable property to the gross depreciable property of all benefited affiliates. All companies may be included in this allocation.

BASIS 8

GROSS DEPRECIABLE PROPERTY

- Charges will be allocated to each benefited affiliate on the basis of the relation of its total depreciable property to the sum of the total depreciable property of all benefited affiliates. All companies may be included in this allocation.

BASIS 9

AUTOMOBILE UNITS

- Charges will be allocated to each benefited affiliate on the basis of the relation of its number of automobile units to the total number of all automobile units of the benefited affiliates. All companies may be included in this allocation.

BASIS 10

NUMBER OF RETAIL CUSTOMERS

- Charges will be allocated to each benefited affiliate on the basis of the relation of its number of retail customers to the total number of all retail customers of the benefited affiliates. All companies may be included in this allocation.

BASIS 11

NUMBER OF REGULAR EMPLOYEES

- Charges will be allocated to each benefited affiliate on the basis of the relation of its number of regular employees to the total number of all regular employees of the benefited affiliates. All companies may be included in this allocation.

BASIS 13

FIXED ALLOCATION

- Charges will be allocated to each benefited affiliate on the basis of fixed percentages on an individual project basis. All companies may be included in this allocation.

BASIS 14

NUMBER OF TRANSPORTATION CUSTOMERS

- Charges will be allocated to each benefited affiliate on the basis of the relation of its Transportation Customers to the total of all Transportation Customers of the benefited affiliates. This allocation is only used by the following companies: Columbia Gas of Virginia, Columbia Gas of Kentucky, Columbia Gas of Ohio, Columbia Gas of Pennsylvania, Columbia Gas of Maryland, and Bay State Gas Company.

BASIS 15

NUMBER OF COMMERCIAL CUSTOMERS

- Charges will be allocated to each benefited affiliate on the basis of the relation of its Commercial Customers to the total of all Commercial Customers of the benefited affiliates. This allocation is only used by the following companies: Columbia Gas of Virginia, Columbia Gas of Kentucky, Columbia Gas of Ohio, Columbia Gas of Pennsylvania, Columbia Gas of Maryland, and Bay State Gas Company.

BASIS 16

NUMBER OF RESIDENTIAL CUSTOMERS

- Charges will be allocated to each benefited affiliate on the basis of the relation of its Residential Customers to the total of all Residential Customers of the benefited affiliates. This allocation is only used by the following companies: Columbia Gas of Virginia, Columbia Gas of Kentucky, Columbia Gas of Ohio, Columbia Gas of Pennsylvania, Columbia Gas of Maryland, and Columbia Gas Bay State Gas Company.

BASIS 17

NUMBER OF HIGH PRESSURE CUSTOMERS

- Charges will be allocated to each benefited affiliate on the basis of the relation of its High Pressure Customers to the total of all High Pressure Customers of the benefited affiliates. This allocation is only used by the following companies: Columbia Gas of Virginia, Columbia Gas of Kentucky, Columbia Gas of Ohio, Columbia Gas of Pennsylvania, Columbia Gas of Maryland, and Bay State Gas Company.

BASIS 20

SERVICE COMPANY BILLING (DIRECT AND ALLOCATED) COSTS

- Charges will be allocated to each benefited affiliate on the basis of the relation of its Service Corporation billing costs, in total or by functional group (e.g. IT, Legal, HR, Finance, Audit), to the corresponding total of all Service Company billing costs, (i.e. in total or by functional group). The calculation of Basis 20 will include only those billings for services provided to all NiSource affiliates, excluding Business Unit specific shared service functions (i.e. functions that serve only one particular Business Unit). All companies may be included in this allocation.

Provided below in Table A are the allocation bases charged by NCSC in its Gross Contract Billings from 2012 through 2015. Table B represents Columbia Gas of Kentucky's charges from NCSC during Base and Forecasted Test Period for test months ending August 2016 and December 2017.

Table A

Allocation Basis	2012	2013	2014	2015
Direct Billed to CKY	4,894,794.69	5,379,191.44	6,203,593.59	6,894,337.50
Basis 1	1,776,498.30	2,130,375.09	2,422,333.48	2,367,318.29
Basis 2	27,196.16	40,271.16	31,506.00	21,264.57
Basis 3	-	26.84	23.47	-
Basis 4	-	20,609.46	27,093.36	28,888.79
Basis 7	51,732.24	61,558.62	72,659.58	86,042.24
Basis 8	-	-	36,343.32	34,086.32
Basis 9	15,667.99	17,291.50	15,767.43	6,273.43
Basis 10	2,243,101.18	2,384,153.91	2,569,542.77	2,593,218.29
Basis 11	492,695.37	611,009.20	812,657.74	879,499.72
Basis 13	1,887,138.27	1,004,881.06	823,385.38	900,165.73
Basis 14	18,735.50	15,411.72	13,692.99	14,664.72
Basis 20	1,699,407.85	2,804,300.60	3,053,002.83	2,930,679.41
NCSC Overheads*	342,193.20	406,040.26	433,024.08	656,678.20
Total	13,449,160.75	14,875,120.86	16,514,626.02	17,413,117.21

Table B

Costs	Base Period TME 8/31/16	Forecasted Period TME 12/31/17
Actual (9/15 - 2/16)	9,211,597.39	-
Forecast (using 0 & 12)	9,461,053.56	20,006,017.11
Grand Total	18,672,650.95	20,006,017.11

*NCSC overheads include costs to maintain the service corporation including service company tax expense, interest expense, and accounting and budgeting expense. NCSC overheads are billed to the affiliates based on each company's portion of the total NCSC direct and allocated labor.

2. Method and amounts allocated during the base period and the method and estimated amounts to be allocated during forecasted period;

Please see response to 16-7-U for the method used and amounts allocated during the base period and estimated amounts to be allocated during the forecasted period.

The method for estimating forecasted costs is completed by the Corporate Budgeting Department.

Forecasted numbers are developed during the preparation of the Long Range Plan and are based on approved goals at the Executive Council level. Those goals are based on approved changes to budgets in order to control spending and to ensure responsible appropriation of resources. Examples of possible changes to budgets could be, but are not limited to: decisions or plans to increase or decrease headcount, approved projects, strategies, etc. Forecasts for direct costs are then developed at the individual department level by the budget sponsor, who also determines the appropriate basis for company allocations. The department is the lowest level in the hierarchy that rolls up to the operational segment and then functional area. Budget to goal variances are summarized and approved by the Vice President of Strategic Planning & Budgeting. The forecasts are then loaded into the budget system and verified and reviewed for accuracy.

3. An explanation of how the allocator for both base and forecasted test period was determined;

Allocations among affiliates are made only if it is impractical or inappropriate to charge an affiliate directly.

The billing pools are maintained by the NCSC Accounting Department; and therefore, only a few individuals within NCSC Accounting can create or modify billing pools. Each billing pool can be set up with only one Basis of Allocation, or direct company billing. There are system controls in place that allow certain departments, or groups of departments, to only use billing pools that allocate to companies benefitting from the services being provided. Essentially, a department that supports only the operating affiliates would only be allowed to use billing pools that include the operating affiliates. If an individual would attempt to use a different billing pool, the related accounting systems would prompt an immediate error and not allow data to be input. Additionally, Columbia's Internal Audit group conducts an annual review of cost allocation procedures and makes recommendations related to contract billing processing.

4. All facts relied upon, including other regulatory approval, to demonstrate that each amount charged, allocated, or paid during the base period was reasonable.

NCSC has executed a contract with each affiliate called a Service Agreement, which designates the type of services to be performed, and the method of calculating the charges

for these services. Services rendered under the Service Agreement are provided at cost, including interest charges for financing.

In accordance with Section 2.3 of the Service Agreement, NCSC makes available monthly billing information, called a Contract Billings, to Columbia Gas of Kentucky that reflects all information necessary to identify the costs charged and services rendered for that month. In accordance with the Agreement, Columbia Gas of Kentucky has the right to review and challenge any particular item for which they are billed. Any issues raised are sent to the NCSC Accounting Department for review and resolution, if necessary.

Internal Audit conducts a review of cost allocation procedures and makes recommendations related to executive time reporting, contract and convenience billing processing, and the reconciliation of inter-company transactions. In addition, although there are no formal reports issued by the company's independent certified public accountants regarding the expense allocation methodologies utilized by NCSC, NiSource's independent registered public accountants, Deloitte & Touche LLP, do subject to test NCSC expense allocations for both contract and convenience billings as part of their audit procedures used to support their opinions on the financial statements of NCSC affiliates that are included in the state jurisdictional filings for both FERC and GAAP reporting.

NiSource Inc., including NCSC, underwent a FERC audit, Docket No. FA11-5-000, which covered the period January 1, 2009, through December 31, 2010. The Final Audit Report was issued by the FERC on October 24, 2012. As stated on page nine of the Final Report, the Audit Staff reviewed and tested the supporting details for NCSC's cost allocation methods; additionally, Audit Staff sampled and selected supporting documents to ensure that NCSC's billings and accounting comply within the USOA (Uniform System of Accounts).

Columbia Gas of Kentucky, Inc.
CASE NO. 2016-00162
Forecasted Test Period Filing Requirements
807 KAR 5:001 Section 16-(7)(v)

Description of Filing Requirement:

If the utility provides gas, electric, sewage utility, or water utility service and has annual gross revenues greater than \$5,000,000, a cost of service study based on a methodology generally accepted within the industry and based on current and reliable data from a single time period;

Response:

Please refer to Attachment CEN-1 through CEN-9 by Columbia witness Notestone.

Responsible Witness:

Chad E. Notestone

Columbia Gas of Kentucky, Inc.
CASE NO. 2016-00162
Forecasted Test Period Filing Requirements
807 KAR 5:001 Section 16-(7)(w)

Description of Filing Requirement:

Incumbent local exchange carriers with fewer than 50,000 access lines shall not be required to file cost of service studies, except as specifically directed by the commission. Local exchange carriers with more than 50,000 access lines shall file:

1. A jurisdictional separations study consistent with 47 C.F.R. Part 36;
and
2. Service specific cost studies to support the pricing of all services that generate annual revenue greater than \$1,000,000 except local exchange access:
 - a. Based on current and reliable data from a single time period;
and
 - b. Using generally recognized fully allocated, embedded, or incremental cost principles.

Response:

Not applicable to a gas utility.

Responsible Witness:

None