Columbia Gas of Pennsylvania, Inc.
2015 General Rate Case
Docket No. R-2015-2468056
Standard Filing Requirements
Exhibits 400-403
Volume 8 of 10

COLUMBIA GAS OF PENNSYLVANIA, INC.
53.53 II. RATE OF RETURN
A. ALL UTILITIES

25. If the utility plans to make a formal claim for a specific allowable rate of return, provide the following data in statement or exhibit form:

a. Claimed capitalization and capitalization ratios with supporting data.

b. Claimed cost of long-term debt with supporting data.

c. Claimed cost of short-term debt with supporting data.

d. Claimed cost of total debt with supporting data.

e. Claimed cost of preferred stock with supporting data.

f. Claimed cost of common equity with supporting data.

Response:

See the attached schedules.

Exhibit No. 400

COLUMBIA GAS OF PENNSYLVANIA, INC.

Schedules to Accompany

The Direct Testimony

of

Paul R. Moul, Managing Consultant
P. Moul & Associates

Concerning

Cost of Capital

and

Fair Rate of Return

March 19, 2015

COLUMBIA GAS OF PENNSYLVANIA, INC.
Index of Schedules

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Columbia Gas of Pennsylvania, Inc.
Summary Cost of Capital

Type of Capital	Ratios	Cost Rate	Weighted Cost Rate
Long-Term Debt	42.65%	5.31%	2.27%
Short Term Debt	5.14%	2.86%	0.15%
Total Debt	47.79%		2.42%
Common Equity	52.21%	10.95%	5.72%
Total	100.00%		8.14%

Indicated levels of fixed charge coverage assuming that the Company could actually achieve its overall cost of capital:

Pre-tax coverage of interest expense based upon a 41.4935% income tax rate
(12.20% ÷ 2.42%) 5.04 x

Post-tax coverage of interest expense
(8.14% ÷ 2.42%) 3.36 x

Columbia Gas of Pennsylvania, Inc.
Cost of Equity
as of December 31, 2014

Discounted Cash Flow (DCF)	D_1/P_0 [1]	+	***g*** [2]	+	***lev.*** [3]	=	***k***	+	***Credit Quality***	=	***K***
Gas Group	3.58%	+	5.25%	+	0.72%	=	9.55%	+	0.50%	=	10.05%

Risk Premium (RP)			***I*** [4]	+	***RP*** [5]	=	***k***	+	***Credit Quality***	=	***K***
Gas Group			4.75%	+	6.50%	=	11.25%	+	0.50%	=	11.75%

Capital Asset Pricing Model (CAPM)			***Rf*** [6]	+	***ß*** [7]		***x (Rm-Rf*** [8] ***)***	+	***size*** [9]	=	***K***
Gas Group			3.75%	+	0.90	x (	7.79%	) +	1.14%	=	11.90%

Comparable Earnings (CE) [10]	***Historical***	***Forecast***	***Average***
Comparable Earnings Group	13.5%	13.6%	13.55%

References
[1] Schedule 07 page 1
[2] Schedule 09 page 1
[3] Schedule 10 page 1
[4] A-rated public utility bond yield comprised of a 4.00% risk-free rate of return (Schedule 13 page 2) and a yield spread of 1.00% (Schedule 11 page 3)
[5] Schedule 12 page 1
[6] Schedule 13 pages 1 & 2
[7] Schedule 10 page 1
[8] Schedule 13 page 2
[9] Schedule 13 page 3
[10] Schedule 14 page 2

Columbia Gas of Pennsylvania, Inc.
Capitalization and Financial Statistics
2009-2013, Inclusive

	2013	2012	2011	2010	2009	
			(Millions of Dollars)			
Amount of Capital Employed						
Permanent Capital	$ 886.3	$ 782.8	$ 631.0	$ 659.6	$ 612.8	
Short-Term Debt	$ 55.4	$ 34.2	$ 64.8	$ -	$ -	
Total Capital	$ 941.7	$ 817.0	$ 695.9	$ 659.6	$ 612.8	
Capital Structure Ratios						
Based on Permanent Captial:						Average
Long-Term Debt	46.4%	45.5%	39.4%	47.5%	46.5%	45.1%
Common Equity [1]	53.6%	54.5%	60.6%	52.5%	53.5%	54.9%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Based on Total Capital:						
Total Debt incl. Short Term	49.6%	47.8%	45.0%	47.5%	46.5%	47.3%
Common Equity [1]	50.4%	52.2%	55.0%	52.5%	53.5%	52.7%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Rate of Return on Book Common Equity [1]	12.5%	11.5%	11.4%	14.9%	10.4%	12.1%
Operating Ratio [2]	81.9%	83.7%	88.9%	90.0%	87.7%	86.4%
Coverage incl. AFUDC [3]						
Pre-tax: All Interest Charges	4.20 x	3.36 x	2.89 x	3.67 x	3.29 x	3.48 x
Post-tax: All Interest Charges	3.47 x	3.20 x	3.04 x	4.04 x	2.48 x	3.25 x
Coverage excl. AFUDC [3]						
Pre-tax: All Interest Charges	4.18 x	3.35 x	2.88 x	3.66 x	3.27 x	3.47 x
Post-tax: All Interest Charges	3.45 x	3.19 x	3.03 x	4.03 x	2.47 x	3.23 x
Quality of Earnings & Cash Flow						
AFC/Income Avail. for Common Equity	0.7%	0.7%	0.4%	0.3%	1.0%	0.6%
Effective Income Tax Rate	22.7%	6.7%	-7.7%	-13.7%	35.1%	8.6%
Internal Cash Generation/Construction [4]	52.1%	86.8%	49.2%	45.9%	139.5%	74.7%
Gross Cash Flow/ Avg. Total Debt [5]	23.6%	36.4%	23.1%	22.3%	31.9%	27.5%
Gross Cash Flow Interest Coverage [6]	4.43 x	6.04 x	4.54 x	5.03 x	5.54 x	5.12 x
Common Dividend Coverage [7]	12.66 x	42.69 x	14.47 x	2.12 x	4.13 x	15.21 x

See Page 2 for Notes.

Columbia Gas of Pennsylvania, Inc.
Capitalization and Financial Statistics
2009-2013, Inclusive

Notes:

(1) Excluding Accumulated Other Comprehensive Income ("OCI") from the equity account.

(2) Total operating expenses, maintenance, depreciation and taxes other than income as a percentage of operating revenues.

(3) Coverage calculations represent the number of times available earnings, both including and excluding AFUDC (allowance for funds used during construction) as reported in its entirety, cover fixed charges.

(4) Internal cash generation/gross construction is the percentage of gross construction expenditures provided by internally-generated funds from operations after payment of all cash dividends divided by gross construction expenditures.

(5) Gross Cash Flow (sum of net income, depreciation, amortization, net deferred income taxes and investment tax credits, less AFUDC) as a percentage of average total debt.

(6) Gross Cash Flow (sum of net income, depreciation, amortization, net deferred income taxes and investment tax credits, less total AFUDC) plus interest charges, divided by interest charges.

(7) Common dividend coverage is the relationship of internally generated funds from operations after payment of preferred stock dividends to common dividends paid.

Source of Information: Company provided Financial Statements

Gas Group
Capitalization and Financial Statistics [1]
2009-2013, Inclusive

	2013	2012	2011	2010	2009	
			(Millions of Dollars)			
Amount of Capital Employed						
Permanent Capital	$ 2,926.4	$ 2,591 7	$ 2,490 8	$ 2,079.2	$ 2,050.6	
Short-Term Debt	$ 366.0	$ 378.9	$ 285 4	$ 220.7	$ 192.9	
Total Capital	$ 3,292.4	$ 2,970.6	$ 2,776.2	$ 2,299 9	$ 2,243.5	
Market-Based Financial Ratios						Average
Price-Earnings Multiple	19 x	17 x	17 x	15 x	18 x	17 x
Market/Book Ratio	178.8%	179.1%	182.7%	174 8%	163.2%	175.7%
Dividend Yield	3.7%	3.7%	3.8%	3 9%	4.2%	3.9%
Dividend Payout Ratio	71.7%	64.0%	63.6%	58.1%	73.1%	66.1%
Capital Structure Ratios						
Based on Permanent Capital:						
Long-Term Debt	45.8%	43 8%	43.1%	44.1%	45.0%	44.4%
Preferred Stock	0.2%	0.2%	0.2%	0.2%	0.3%	0.2%
Common Equity [2]	54.0%	56.0%	56.7%	55.7%	54.7%	55.4%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Based on Total Capital:						
Total Debt incl. Short Term	52.2%	50.4%	48.6%	50.0%	50.6%	50.4%
Preferred Stock	0 2%	0.2%	0.2%	0.2%	0.3%	0 2%
Common Equity [2]	47.6%	49.4%	51.3%	49.8%	49.2%	49.4%
	100 0%	100.0%	100.0%	100.0%	100 0%	100 0%
Rate of Return on Book Common Equity [2]	9.4%	10.2%	10.4%	11.5%	10 3%	10.4%
Operating Ratio [3]	87.8%	86 5%	87.4%	87.8%	88.9%	87.7%
Coverage incl. AFUDC [4]						
Pre-tax: All Interest Charges	4.31 x	4.66 x	4.63 x	4.89 x	4.15 x	4.53 x
Post-tax: All Interest Charges	3.35 x	3.57 x	3.41 x	3 47 x	3.00 x	3.36 x
Overall Coverage. All Int. & Pfd. Div.	3.34 x	3.55 x	3.40 x	3.46 x	2.99 x	3.35 x
Coverage excl. AFUDC [4]						
Pre-tax: All Interest Charges	4.18 x	4.56 x	4.58 x	4.84 x	4.11 x	4.45 x
Post-tax· All Interest Charges	3.22 x	3.46 x	3.36 x	3.43 x	2.97 x	3 29 x
Overall Coverage: All Int. & Pfd. Div.	3.21 x	3.44 x	3.35 x	3.41 x	2.95 x	3.27 x
Quality of Earnings & Cash Flow						
AFC/Income Avail. for Common Equity	5 1%	4.1%	2.1%	1 5%	2.1%	3.0%
Effective Income Tax Rate	27.6%	30.9%	35.0%	36.6%	35.3%	33.1%
Internal Cash Generation/Construction [5]	63.9%	70.4%	94.7%	116.1%	111.4%	91.3%
Gross Cash Flow/ Avg. Total Debt [6]	21.6%	25.8%	26.8%	28 2%	22.4%	25.0%
Gross Cash Flow Interest Coverage [7]	6.44 x	6.80 x	6.47 x	6.79 x	5.74 x	6 45 x
Common Dividend Coverage [8]	3 81 x	4.13 x	4.16 x	4.50 x	4.00 x	4 12 x

See Page 2 for Notes.

Gas Group
Capitalization and Financial Statistics
2009-2013, Inclusive

Notes:

(1) All capitalization and financial statistics for the group are the arithmetic average of the achieved results for each individual company in the group.
(2) Excluding Accumulated Other Comprehensive Income ("OCI") from the equity account.
(3) Total operating expenses, maintenance, depreciation and taxes other than income taxes as a percent of operating revenues.
(4) Coverage calculations represent the number of times available earnings, both including and excluding AFUDC (allowance for funds used during construction) as reported in its entirety, cover fixed charges.
(5) Internal cash generation/gross construction is the percentage of gross construction expenditures provided by internally-generated funds from operations after payment of all cash dividends divided by gross construction expenditures.
(6) Gross Cash Flow (sum of net income, depreciation, amortization, net deferred income taxes and investment tax credits, less total AFUDC) plus interest charges, divided by interest charges.
(7) Gross Cash Flow plus interest charges divided by interest charges.
(8) Common dividend coverage is the relationship of internally-generated funds from operations after payment of preferred stock dividends to common dividends paid.

Basis of Selection:
The Gas Group includes companies that are contained in The Value Line Investment Survey within the industry group "Natural Gas Utility," they are not currently the target of a publicly-announced merger or acquisition, and after eliminating NiSource due to its electric and natural gas pipeline/storage operations and UGI Corp. due to its highly diversified businesses.

Ticker	Company	Corporate Credit Ratings Moody's	Corporate Credit Ratings S&P	Stock Traded	S&P Stock Ranking	Value Line Beta
AGL	AGL Resources, Inc.	A2	BBB+	NYSE	A	0.80
ATO	Atmos Energy Corp.	A2	A-	NYSE	A-	0.80
LG	Laclede Group	A3	A-	NYSE	B+	0.70
NJR	New Jersey Resources Corp.	Aa2	A	NYSE	B+	0.80
NWN	Northwest Natural Gas Co.	A3	A+	NYSE	A-	0.70
PNY	Piedmont Natural Gas Co.	A2	A	NYSE	A	0.80
SJI	South Jersey Industries, Inc.	A2	BBB+	NYSE	A-	0.80
SWX	Southwest Gas Corporation	A3	BBB+	NYSE	B+	0.85
WGL	WGL Holdings, Inc.	A1	A+	NYSE	B+	0.75
	Average	A2	A-		B+	0.78

Note: Ratings are those of utility subsidiaries

Source of Information: Utility COMPUSTAT
Moody's Investors Service
Standard & Poor's Corporation

Standard & Poor's Public Utilities
Capitalization and Financial Statistics [1]
2009-2013, Inclusive

	2013	2012	2011	2010	2009	
			(Millions of Dollars)			
Amount of Capital Employed						
Permanent Capital	$ 22,498.2	$ 21,620.0	$ 18,840.8	$ 17,587.3	$ 16,618.6	
Short-Term Debt	$ 703.8	$ 648.9	$ 531.4	$ 435.4	$ 415.0	
Total Capital	$ 23,202.0	$ 22,268.9	$ 19,372.2	$ 18,022.7	$ 17,033.6	
Market-Based Financial Ratios						Average
Price-Earnings Multiple	21 x	20 x	15 x	15 x	14 x	17 x
Market/Book Ratio	175.7%	164.0%	155.2%	142.8%	137.1%	155.0%
Dividend Yield	3.9%	4.1%	4.4%	4.8%	5.2%	4.5%
Dividend Payout Ratio	78.8%	81.0%	64.7%	72.0%	72.2%	73.7%
Capital Structure Ratios						
Based on Permanent Captial:						
Long-Term Debt	52.7%	52.9%	52.9%	53.4%	54.2%	53.2%
Preferred Stock	1.9%	1.6%	1.3%	1.3%	1.5%	1.5%
Common Equity [2]	45.4%	45.5%	45.8%	45.3%	44.3%	45.3%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Based on Total Capital:						
Total Debt incl. Short Term	54.3%	54.5%	54.5%	54.7%	55.6%	54.7%
Preferred Stock	1.9%	1.6%	1.3%	1.3%	1.4%	1.5%
Common Equity [2]	43.9%	44.0%	44.3%	44.0%	43.0%	43.8%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Rate of Return on Book Common Equity [2]	8.5%	9.2%	10.5%	10.8%	10.1%	9.8%
Operating Ratio [3]	81.3%	81.3%	81.4%	81.6%	83.0%	81.7%
Coverage incl. AFUDC [4]						
Pre-tax: All Interest Charges	3.24 x	2.94 x	3.35 x	3.34 x	3.06 x	3.19 x
Post-tax: All Interest Charges	2.46 x	2.35 x	2.59 x	2.52 x	2.36 x	2.46 x
Overall Coverage: All Int. & Pfd. Div.	2.43 x	2.32 x	2.57 x	2.50 x	2.33 x	2.43 x
Coverage excl. AFUDC [4]						
Pre-tax: All Interest Charges	3.15 x	2.85 x	3.25 x	3.25 x	2.96 x	3.09 x
Post-tax: All Interest Charges	2.36 x	2.25 x	2.49 x	2.43 x	2.26 x	2.36 x
Overall Coverage: All Int. & Pfd. Div.	2.34 x	2.22 x	2.47 x	2.41 x	2.22 x	2.33 x
Quality of Earnings & Cash Flow						
AFC/Income Avail. for Common Equity	7.6%	7.1%	5.7%	6.7%	7.8%	7.0%
Effective Income Tax Rate	35.2%	26.2%	36.8%	34.3%	31.8%	32.9%
Internal Cash Generation/Construction [5]	80.5%	75.0%	89.4%	108.0%	100.0%	90.6%
Gross Cash Flow/ Avg. Total Debt [6]	22.8%	21.9%	23.2%	23.9%	22.5%	22.9%
Gross Cash Flow Interest Coverage [7]	5.47 x	5.37 x	5.12 x	5.09 x	4.85 x	5.18 x
Common Dividend Coverage [8]	6.38 x	4.31 x	4.58 x	4.88 x	4.73 x	4.98 x

See Page 2 for Notes.

Standard & Poor's Public Utilities
Capitalization and Financial Statistics
2009-2013, Inclusive

Notes:

(1) All capitalization and financial statistics for the group are the arithmetic average of the achieved results for each individual company in the group.
(2) Excluding Accumulated Other Comprehensive Income ("OCI") from the equity account
(3) Total operating expenses, maintenance, depreciation and taxes other than income taxes as a percent of operating revenues.
(4) Coverage calculations represent the number of times available earnings, both including and excluding AFUDC (allowance for funds used during construction) as reported in its entirety, cover fixed charges.
(5) Internal cash generation/gross construction is the percentage of gross construction expenditures provided by internally-generated funds from operations after payment of all cash dividends divided by gross construction expenditures.
(6) Gross Cash Flow (sum of net income, depreciation, amortization, net deferred income taxes and investment tax credits, less total AFUDC) as a percentage of average total debt.
(7) Gross Cash Flow (sum of net income, depreciation, amortization, net deferred income taxes and investment tax credits, less total AFUDC) plus interest charges, divided by interest charges.
(8) Common dividend coverage is the relationship of internally-generated funds from operations after payment of preferred stock dividends to common dividends paid.

Source of Information: Annual Reports to Shareholders
Utility COMPUSTAT

Standard & Poor's Public Utilities
Company Identities

	Ticker	Credit Rating [1] Moody's	Credit Rating [1] S&P	Common Stock Traded	S&P Stock Ranking	Value Line Beta
AGL Resources Inc.	GAS	A2	BBB+	NYSE	A	0.75
Ameren Corporation	AEE	Baa1	BBB+	NYSE	B	0.80
American Electric Power	AEP	Baa1	BBB	NYSE	B	0.70
CMS Energy	CMS	A3	BBB	NYSE	B	0.70
CenterPoint Energy	CNP	A3	A-	NYSE	B	0.80
Consolidated Edison	ED	A2	A-	NYSE	B+	0.60
DTE Energy Co.	DTE	A2	BBB+	NYSE	B+	0.80
Dominion Resources	D	A2	A-	NYSE	B+	0.70
Duke Energy	DUK	A1	BBB+	NYSE	B	0.65
Edison Int'l	EIX	A2	BBB+	NYSE	B	0.80
Entergy Corp.	ETR	Baa1	BBB	NYSE	A	0.70
EQT Corp.	EQT	Baa3	BBB	NYSE	B+	1.15
Exelon Corp.	EXC	A2	BBB	NYSE	B+	0.75
FirstEnergy Corp.	FE	Baa2	BBB-	NYSE	B+	0.75
Integrys Energy Group	TEG	A1	A-	NYSE	B	1.00
NextEra Energy Inc.	NEE	A1	A-	NYSE	A	0.70
NiSource Inc.	NI	Baa1	BBB-	NYSE	B	0.85
Northeast Utilities	NU	Baa1	A-	NYSE	B	0.75
NRG Energy Inc.	NRG	Ba3	BB-	NYSE	B	1.05
ONEOK, Inc.	OKE	Baa3	BB+	NYSE	A-	1.05
PEPCO Holdings, Inc.	POM	Baa1	BBB+	NYSE	B	0.75
PG&E Corp.	PCG	A3	BBB	NYSE	B	0.60
PPL Corp.	PPL	Baa1	BBB	NYSE	B+	0.65
Pinnacle West Capital	PNW	A3	A-	NYSE	B	0.75
Public Serv. Enterprise Inc.	PEG	A2	BBB+	NYSE	B+	0.75
SCANA Corp.	SCG	Baa2	BBB+	NYSE	A-	0.70
Sempra Energy	SRE	A1	A	NYSE	B+	0.75
Southern Co.	SO	A3	A	NYSE	A-	0.55
TECO Energy	TE	A2	BBB+	NYSE	B	0.95
Wisconsin Energy Corp.	WEC	A1	A-	NYSE	A	0.65
Xcel Energy Inc	XEL	A2	A-	NYSE	B+	0.65
Average for S&P Utilities		A3	BBB+		B+	0.77

Note: [1] Ratings are those of utility subsidiaries

Source of Information:
Moody's Investors Service
Standard & Poor's Corporation
Standard & Poor's Stock Guide
Value Line Investment Survey for Windows

Columbia Gas of Pennsylvania, Inc.
Investor-provided Capitalization
Actual at November 30, 2014, Estimated at November 30, 2015, and Estimated at December 31, 2016

	Actual at November 30, 2014		Estimated at November 30, 2015		Estimated at December 31, 2016	
	Amount Outstanding	Ratios	Amount Outstanding	Ratios	Amount Outstanding	Ratios
Long Term Debt	$ 411,390,000	41.76%	$ 514,040,000	45.55%	$ 540,515,000	42.65%
Common Stock Equity						
Common Stock	45,128,000		45,128,000		45,128,000	
Additional Paid in Capital	7,720,000		7,720,000		7,720,000	
Retained Earnings	472,251,000		530,858,000		608,826,000	
Total Common Equity	525,099,000	53.31%	583,706,000	51.72%	661,674,000	52.21%
Total Permanent Capital	$ 936,489,000	95.07%	$ 1,097,746,000	97.27%	$ 1,202,189,000	94.86%
Short Term Debt (Twelve month average)	48,598,417	4.93%	30,873,302	2.74%	65,088,212	5.14%
Total Capital Employed	$ 985,087,417	100.00%	$ 1,128,619,302	100.01%	$ 1,267,277,212	100.00%

Source of information: Company provided data

Columbia Gas of Pennsylvania, Inc.
Long-term Debt Outstanding
Actual at November 30, 2014

Date of Issuance	Coupon Rate	Amount Outstanding	Annualized Debt Service	Embedded Cost of Debt
November 28, 2005	5.41%	$ 47,350,000	$ 2,561,635	
November 28, 2005	5.45%	18,525,000	1,009,613	
November 28, 2005	5.92%	54,515,000	3,227,288	
November 1, 2006	6.02%	20,000,000	1,203,000	
December 14, 2007	6.865%	58,000,000	3,981,700	
December 16, 2010	6.020%	28,000,000	1,685,600	
March 28, 2012	5.355%	30,000,000	1,606,500	
March 28, 2012	5.890%	35,000,000	2,061,500	
November 28, 2012	5.260%	65,000,000	3,419,000	
June 9, 2013	5.530%	23,000,000	1,271,900	
December 18, 2013	6.290%	32,000,000	2,012,800	
Total Long-Term Debt		411,390,000	24,040,536	5.84%
Short Term Debt (Twelve month average)	0.71%	48,598,417	345,049	
Total Debt		$ 459,988,417	$ 24,385,584	5.30%

Source of information: Company provided data

Columbia Gas of Pennsylvania, Inc.
Long-term Debt Outstanding
Estimated at November 30, 2015

Date of Issuance	Coupon Rate	Amount Outstanding	Annualized Debt Service	Embedded Cost of Debt
November 28, 2005	5.45%	$ 18,525,000	$ 1,009,613	
November 28, 2005	5.92%	54,515,000	3,227,288	
November 1, 2006	6.02%	20,000,000	1,203,000	
December 14, 2007	6.87%	58,000,000	3,981,700	
December 16, 2010	6.020%	28,000,000	1,685,600	
March 28, 2012	5.355%	30,000,000	1,606,500	
March 28, 2012	5.890%	35,000,000	2,061,500	
November 28, 2012	5.260%	65,000,000	3,419,000	
June 9, 2013	5.530%	23,000,000	1,271,900	
December 18, 2013	6.290%	32,000,000	2,012,800	
December 18, 2014	4.430%	30,000,000	1,329,000	
March 2015	4.160%	60,000,000	2,496,000	
September 2015	4.210%	60,000,000	2,526,000	
Total Long-Term Debt		514,040,000	27,829,901	5.41%
Short Term Debt (Twelve month average)	1.94%	30,873,302	598,942	
Total Debt		$ 544,913,302	$ 28,428,843	5.22%

Source of information: Company provided data

Columbia Gas of Pennsylvania, Inc.
Long-term Debt Outstanding
Estimated at December 31, 2016

Date of Issuance	Coupon Rate	Amount Outstanding	Annualized Debt Service	Embedded Cost of Debt
November 28, 2005	5.92%	54,515,000	3,227,288	
November 1, 2006	6.02%	20,000,000	1,203,000	
December 14, 2007	6.87%	58,000,000	3,981,700	
December 16, 2010	6.020%	28,000,000	1,685,600	
March 28, 2012	5.355%	30,000,000	1,606,500	
March 28, 2012	5.890%	35,000,000	2,061,500	
November 28, 2012	5.260%	65,000,000	3,419,000	
June 9, 2013	5.530%	23,000,000	1,271,900	
December 18, 2013	6.290%	32,000,000	2,012,800	
December 18, 2014	4.430%	30,000,000	1,329,000	
March 2015	4.160%	60,000,000	2,496,000	
September 2015	4.210%	60,000,000	2,526,000	
March 2016	4.220%	45,000,000	1,899,000	
Total Long-Term Debt		540,515,000	28,719,288	5.31%
Short Term Debt (Twelve month average)	2.86%	65,088,212	1,861,523	
Total Debt		$ 605,603,212	$ 30,580,811	5.05%

Source of information: Company provided data

Monthly Dividend Yields for
Gas Group
for the Twelve Months Ending December 2014

Company	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	12-Month Average	6-Month Average	3-Month Average
AGL Resources Inc. (GAS) -NYSE	4.14%	4.17%	4.02%	3.66%	3.68%	3.58%	3.83%	3.68%	3.84%	3.66%	3.75%	3.61%			
Atmos Energy Corporation (ATO) -NYSE	3.10%	3.21%	3.15%	2.92%	2.96%	2.78%	3.08%	2.93%	3.11%	2.96%	2.91%	2.81%			
The Laclede Group, Inc. (LG) -NYSE	3.86%	3.87%	3.74%	3.73%	3.80%	3.63%	3.77%	3.59%	3.80%	3.64%	3.66%	3.47%			
New Jersey Resources Corp. (NJR) -NYSE	3.70%	3.76%	3.38%	3.39%	3.07%	2.94%	3.54%	3.47%	3.57%	3.09%	3.13%	2.95%			
Northwest Natural Gas Company (NWN) -NYSE	4.43%	4.31%	4.21%	4.16%	4.08%	3.93%	4.26%	4.06%	4.39%	3.96%	4.01%	3.75%			
Piedmont Natural Gas Co. Inc. (PNY) -NYSE	3.89%	3.81%	3.62%	3.59%	3.60%	3.42%	3.71%	3.45%	3.82%	3.38%	3.44%	3.25%			
South Jersey Industries, Inc. (SJI) -NYSE	3.56%	3.33%	3.38%	3.31%	3.31%	3.14%	3.55%	3.29%	3.55%	3.44%	3.55%	3.41%			
Southwest Gas Corporation (SWX) -NYSE	2.47%	2.45%	2.48%	2.67%	2.79%	2.78%	2.97%	2.80%	3.02%	2.53%	2.52%	2.37%			
WGL Holdings Inc. (WGL) -NYSE	4.46%	4.20%	4.23%	4.44%	4.37%	4.12%	4.53%	4.07%	4.22%	3.75%	3.62%	3.25%			
Average	3.73%	3.68%	3.58%	3.54%	3.52%	3.37%	3.69%	3.48%	3.70%	3.38%	3.40%	3.21%	3.52%	3.48%	3.33%

Note: Monthly dividend yields are calculated by dividing the annualized quarterly dividend by the month-end closing stock price adjusted by the fraction of the ex-dividend.

Source of Information: http://finance.yahoo.com/
http://www.snl.com/interactivex/dividends

Forward-looking Dividend Yield	1/2 Growth	D_0/P_0	(.5g)	D_1/P_0	$K = \frac{D_0(1+g)^0 + D_0(1+g)^0 + D_0(1+g)^1 + D_0(1+g)^1}{P_0} + g$
		3.48%	1.026250	3.57%	
	Discrete	D_0/P_0	Adj.	D_1/P_0	$K = \frac{D_0(1+g)^{25} + D_0(1+g)^{50} + D_0(1+g)^{75} + D_0(1+g)^{100}}{P_0} + g$
		3.48%	1.032603	3.59%	
	Quarterly	D_0/P_0	Adj.	D_1/P_0	$K = \left[\left(1 + \frac{D_0(1+g)^{25}}{P_0}\right)^4 - 1\right] + g$
		0.8692%	1.012874	3.57%	
	Average			3.58%	
	Growth rate			5.25%	
	K			8.83%	

Historical Growth Rates

Earnings Per Share, Dividends Per Share,
Book Value Per Share, and Cash Flow Per Share

Gas Group	Earnings per Share		Dividends per Share		Book Value per Share		Cash Flow per Share	
	Value Line		Value Line		Value Line		Value Line	
	5 Year	10 Year	5 Year	10 Year	5 Year	10 Year	5 Year	10 Year
AGL Resources, Inc.	-3.00%	2.50%	3.00%	5.50%	6.50%	8.50%	1.50%	4.00%
Atmos Energy Corp.	3.00%	4.00%	1.50%	1.50%	4.00%	6.00%	3.00%	4.00%
Laclede Group, Inc.	1.00%	5.00%	2.50%	2.00%	7.00%	6.00%	0.50%	3.50%
New Jersey Resources Corp.	5.50%	6.50%	8.50%	6.50%	4.50%	8.00%	4.50%	5.00%
Northwest Natural Gas	-2.50%	2.50%	4.50%	3.50%	3.50%	3.50%	-0.50%	3.00%
Piedmont Natural Gas Co.	3.50%	5.00%	5.50%	5.00%	3.00%	5.00%	3.50%	5.00%
South Jersey Industries, Inc.	5.50%	9.00%	10.00%	8.00%	7.50%	9.00%	6.50%	8.50%
Southwest Gas Corporation	9.50%	9.50%	6.50%	4.00%	4.50%	5.00%	5.00%	4.50%
WGL Holdings, Inc.	2.50%	3.00%	3.00%	2.50%	4.00%	4.00%	1.00%	2.50%
Average	2.78%	5.22%	5.00%	4.28%	4.94%	6.11%	2.78%	4.44%

Source of Information: Value Line Investment Survey, December 5, 2014

Analysts' Five-Year Projected Growth Rates
Earnings Per Share, Dividends Per Share,
Book Value Per Share, and Cash Flow Per Share

Gas Group	I/B/E/S First Call	Zacks	Morningstar	SNL	Value Line Earnings Per Share	Value Line Dividends Per Share	Value Line Book Value Per Share	Value Line Cash Flow Per Share	Value Line Percent Retained to Common Equity
AGL Resources, Inc.	N/A	4.00%	4.80%	4.00%	10.50%	4.50%	4.00%	10.00%	5.00%
Atmos Energy Corp.	7.00%	7.00%	7.70%	7.00%	7.50%	3.50%	6.50%	4.00%	4.50%
Laclede Group, Inc.	5.35%	5.20%	-	5.30%	8.00%	5.00%	6.50%	7.00%	4.50%
New Jersey Resources Corp.	4.00%	4.00%	5.00%	5.00%	6.00%	4.00%	7.00%	7.00%	7.00%
Northwest Natural Gas	4.00%	4.00%	4.00%	4.00%	6.50%	2.50%	4.00%	4.00%	3.50%
Piedmont Natural Gas Co.	5.00%	5.00%	6.50%	6.00%	5.00%	3.00%	5.00%	4.00%	4.00%
South Jersey Industries, Inc.	6.00%	6.00%	6.00%	-	8.00%	8.00%	6.00%	8.00%	6.50%
Southwest Gas Corporation	4.00%	5.50%	2.40%	4.00%	6.00%	7.00%	4.50%	4.50%	6.00%
WGL Holdings, Inc.	5.50%	5.30%	5.10%	-	5.00%	2.50%	3.50%	4.00%	4.50%
Average	5.11%	5.11%	5.19%	5.04%	6.94%	4.44%	5.22%	5.83%	5.06%

Source of Information :
Yahoo First Call, January 5, 2015
Zacks, January 5, 2015
Morningstar, January 7, 2015
SNL, January 5, 2015
Value Line Investment Survey, December 5, 2014

Gas Group
Financial Risk Adjustment

	AGL Resources (NYSE GAS)	ATMOS Energy (NYSE ATO)	Laclede Group (NYSE LG)	New Jersey Resources (NYSE.NJR)	Northwest Natural Gas (NYSE NWN)	Piedmont Natural Gas (NYSE PNY)	South Jersey Industries (NYSE SJI)	Southwest Gas (SWX)	WGL Holdings (NYSE WGL)	Average
Fiscal Year	12/31/13	09/30/13	09/30/13	09/30/13	12/31/13	10/31/13	12/31/12	12/31/12	09/30/12	
Capitalization at Fair Values										
Debt(D)	3,956,000	2,676,487	954,126	556,518	806,359	1,409,892	713,200	1,463,387	630,200	1,462,908
Preferred(P)	0	0	0	0	0	0	0	0	28,173	3,130
Equity(E)	5,615,122	3,860,367	1,471,358	1,713,597	1,159,352	2,598,020	1,830,734	2,591,771	2,211,276	2,561,288
Total	9,571,122	6,536,854	2,425,484	2,270,115	1,965,711	4,007,912	2,543,934	4,055,158	2,869,649	4,027,326
Capital Structure Ratios										
Debt(D)	41.33%	40.94%	39.34%	24.51%	41.02%	35.18%	28.04%	36.09%	21.96%	34.27%
Preferred(P)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.98%	0.11%
Equity(E)	58.67%	59.06%	60.66%	75.49%	58.98%	64.82%	71.96%	63.91%	77.06%	65.62%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Common Stock										
Issued	118,888,876	90,640,211	32,696,836	41,961,534	27,075,000	76,099,000	32,715,042	46,356,125	51,774,204	
Treasury	0.000	0.000	0.000	3,060,356	0.000	0.000	0.000	0.000	0.000	
Outstanding	118,888,876	90,640,211	32,696,836	38,901,178	27,075,000	76,099,000	32,715,042	46,356,125	51,774,204	
Market Price	$ 47.23	$ 42.59	$ 45.00	$ 44.05	$ 42.82	$ 34.14	$ 55.96	$ 55.91	$ 42.71	
Capitalization at Carrying Amounts										
Debt(D)	3,813,000	2,460,000	912,712	529,845	741,700	1,275,000	701,400	1,400,768	524,100	1,373,169
Preferred(P)	0	0	0	0	0	0	0	0	28,173	3,130
Equity(E)	3,631,000	2,580,409	1,046,282	887,384	751,872	1,188,596	827,000	1,414,523	1,274,545	1,511,290
Total	7,444,000	5,040,409	1,958,994	1,417,229	1,493,572	2,463,596	1,528,400	2,815,291	1,826,818	2,887,590
Capital Structure Ratios										
Debt(D)	51.22%	48.81%	46.59%	37.39%	49.66%	51.75%	45.89%	49.76%	28.69%	45.53%
Preferred(P)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.54%	0.17%
Equity(E)	48.78%	51.19%	53.41%	62.61%	50.34%	48.25%	54.11%	50.24%	69.77%	54.30%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Betas Value Line	0.80	0.80	0.70	0.80	0.70	0.80	0.80	0.85	0.75	0.78

Hamada

Bl	=	Bu	[1+	(1 - t)	D/E	+	P/E	]														
0.78	=	Bu	[1+	(1-0.35)	0.5222	+	0.0017	]														
0.78	=	Bu	[1+	0.65	0.5222	+	0.0017	]														
0.78	=	Bu	1.3411																			
0.58	=	Bu																				

Hamada

Bl	=	0.58	[1+	(1 - t)	D/E	+	P/E	]														
Bl	=	0.58	[1+	0.65	0.8385	+	0.0032	]														
Bl	=	0.58	1.5482																			
Bl	=	0.90																				

M&M

ku	=	ke	-	(((	ku	-	i	)		1-t	)		D	/	E	-	(ku	-	d	)	P	/	E			
7.63%	=	8.83%	-	(((	7.63%	-	4.12%	)		0.65	)		34.27%	/	65.62%	-	7.63%	-	5.68%	)	0.11%	/	65.62%			
7.63%	=	8.83%	-	(((	3.51%			)		0.65	)		0.5222			-	1.95%			)	0.0017					
7.63%	=	8.83%	-	((	2.28%						)		0.5222			-	1.95%			)	0.0017					
7.63%	=	8.83%	-		1.19%											-	0.00%									

M&M

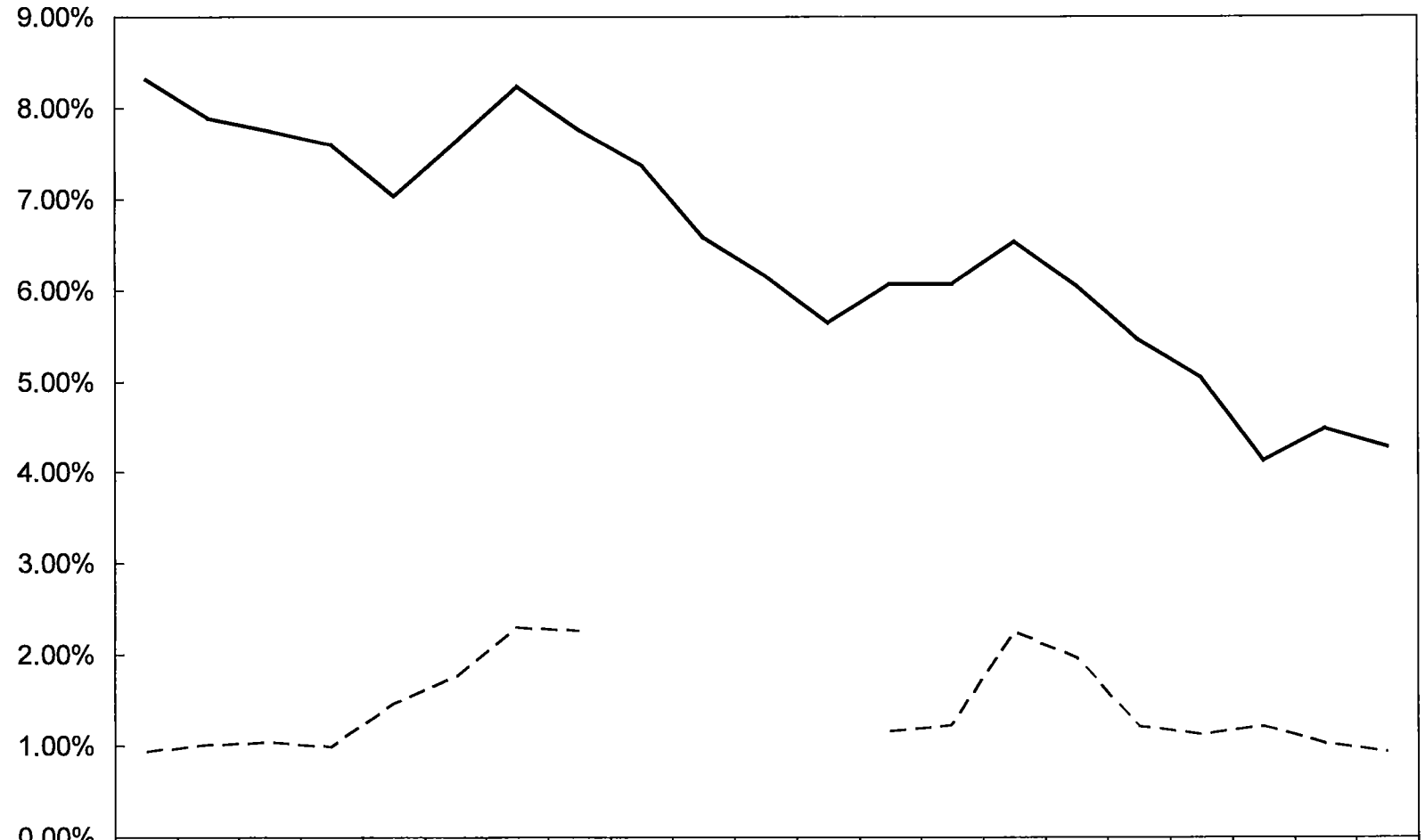
ke	=	ku	+	(((	ku	-	i	)		1-t	)		D	/	E	+	(ku	-	d	)	P	/	E			
9.55%	=	7.63%	+	(((	7.63%	-	4.12%	)		0.65	)		45.53%	/	54.30%	+	7.63%	-	5.68%	)	0.17%	/	54.30%			
9.55%	=	7.63%	+	(((	3.51%			)		0.65	)		0.8385			+	1.95%			)	0.0032					
9.55%	=	7.63%	+	((	2.28%						)		0.8385			+	1.95%			)	0.0032					
9.55%	=	7.63%	+		1.91%											+	0.01%									

Interest Rates for Investment Grade Public Utility Bonds
Yearly for 2009-2013
and the Twelve Months Ended December 2014

Years	Aa Rated	A Rated	Baa Rated	Average
2009	5.75%	6.04%	7.06%	6.28%
2010	5.24%	5.46%	5.96%	5.55%
2011	4.78%	5.04%	5.57%	5.13%
2012	3.83%	4.13%	4.86%	4.27%
2013	4.24%	4.48%	4.98%	4.57%
Five-Year Average	4.77%	5.03%	5.69%	5.16%
Months				
Jan-14	4.44%	4.63%	5.09%	4.72%
Feb-14	4.38%	4.53%	5.01%	4.64%
Mar-14	4.40%	4.51%	5.00%	4.63%
Apr-14	4.30%	4.41%	4.85%	4.52%
May-14	4.16%	4.26%	4.69%	4.37%
Jun-14	4.23%	4.29%	4.73%	4.42%
Jul-14	4.16%	4.23%	4.66%	4.35%
Aug-14	4.07%	4.13%	4.65%	4.29%
Sep-14	4.18%	4.24%	4.79%	4.40%
Oct-14	3.98%	4.06%	4.67%	4.24%
Nov-14	4.03%	4.09%	4.75%	4.29%
Dec-14	3.90%	3.95%	4.70%	4.18%
Twelve-Month Average	4.19%	4.28%	4.80%	4.42%
Six-Month Average	4.05%	4.12%	4.70%	4.29%
Three-Month Average	3.97%	4.03%	4.71%	4.24%

Source: Mergent Bond Record

Yields on
A-rated Public Utility Bonds and
Spreads over 30-Year Treasuries



	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
——A-rated Public Utility	8.31%	7.89%	7.75%	7.60%	7.04%	7.62%	8.24%	7.76%	7.37%	6.58%	6.16%	5.65%	6.07%	6.07%	6.53%	6.04%	5.46%	5.04%	4.13%	4.48%	4.28%
— — — Spread vs. 30-year	0.94%	1.01%	1.04%	0.99%	1.46%	1.75%	2.30%	2.27%					1.16%	1.23%	2.25%	1.96%	1.21%	1.13%	1.21%	1.03%	0.94%

A rated Public Utility Bonds over 30-Year Treasuries

Year	A-rated Public Utility	30-Year Treasuries Yield	30-Year Treasuries Spread	Year	A-rated Public Utility	30-Year Treasuries Yield	30-Year Treasuries Spread	Year	A-rated Public Utility	30-Year Treasuries Yield	30-Year Treasuries Spread	Year	A-rated Public Utility	30-Year Treasuries Yield	30-Year Treasuries Spread
Jan-99	6.97%	5.16%	1.81%	Jan-03	7.07%			Jan-07	5.96%	4.85%	1.11%	Jan-11	5.57%	4.52%	1.05%
Feb-99	7.09%	5.37%	1.72%	Feb-03	6.93%			Feb-07	5.90%	4.82%	1.08%	Feb-11	5.68%	4.65%	1.03%
Mar-99	7.26%	5.58%	1.68%	Mar-03	6.79%			Mar-07	5.85%	4.72%	1.13%	Mar-11	5.56%	4.51%	1.05%
Apr-99	7.22%	5.55%	1.67%	Apr-03	6.64%			Apr-07	5.97%	4.87%	1.10%	Apr-11	5.55%	4.50%	1.05%
May-99	7.47%	5.81%	1.66%	May-03	6.36%			May-07	5.99%	4.90%	1.09%	May-11	5.32%	4.29%	1.03%
Jun-99	7.74%	6.04%	1.70%	Jun-03	6.21%			Jun-07	6.30%	5.20%	1.10%	Jun-11	5.26%	4.23%	1.03%
Jul-99	7.71%	5.98%	1.73%	Jul-03	6.57%			Jul-07	6.25%	5.11%	1.14%	Jul-11	5.27%	4.27%	1.00%
Aug-99	7.91%	6.07%	1.84%	Aug-03	6.78%			Aug-07	6.24%	4.93%	1.31%	Aug-11	4.69%	3.65%	1.04%
Sep-99	7.93%	6.07%	1.86%	Sep-03	6.56%			Sep-07	6.18%	4.79%	1.39%	Sep-11	4.48%	3.18%	1.30%
Oct-99	8.06%	6.26%	1.80%	Oct-03	6.43%			Oct-07	6.11%	4.77%	1.34%	Oct-11	4.52%	3.13%	1.39%
Nov-99	7.94%	6.15%	1.79%	Nov-03	6.37%			Nov-07	5.97%	4.52%	1.45%	Nov-11	4.25%	3.02%	1.23%
Dec-99	8.14%	6.35%	1.79%	Dec-03	6.27%			Dec-07	6.16%	4.53%	1.63%	Dec-11	4.33%	2.98%	1.35%
Jan-00	8.35%	6.63%	1.72%	Jan-04	6.15%			Jan-08	6.02%	4.33%	1.69%	Jan-12	4.34%	3.03%	1.31%
Feb-00	8.25%	6.23%	2.02%	Feb-04	6.15%			Feb-08	6.21%	4.52%	1.69%	Feb-12	4.36%	3.11%	1.25%
Mar-00	8.28%	6.05%	2.23%	Mar-04	5.97%			Mar-08	6.21%	4.39%	1.82%	Mar-12	4.48%	3.28%	1.20%
Apr-00	8.29%	5.85%	2.44%	Apr-04	6.35%			Apr-08	6.28%	4.44%	1.85%	Apr-12	4.40%	3.18%	1.22%
May-00	8.70%	6.15%	2.55%	May-04	6.62%			May-08	6.28%	4.60%	1.68%	May-12	4.20%	2.93%	1.27%
Jun-00	8.36%	5.93%	2.43%	Jun-04	6.46%			Jun-08	6.38%	4.69%	1.69%	Jun-12	4.08%	2.70%	1.38%
Jul-00	8.25%	5.85%	2.40%	Jul-04	6.27%			Jul-08	6.40%	4.57%	1.83%	Jul-12	3.93%	2.59%	1.34%
Aug-00	8.13%	5.72%	2.41%	Aug-04	6.14%			Aug-08	6.37%	4.50%	1.87%	Aug-12	4.00%	2.77%	1.23%
Sep-00	8.23%	5.83%	2.40%	Sep-04	5.98%			Sep-08	6.49%	4.27%	2.22%	Sep-12	4.02%	2.88%	1.14%
Oct-00	8.14%	5.80%	2.34%	Oct-04	5.94%			Oct-08	7.56%	4.17%	3.39%	Oct-12	3.91%	2.90%	1.01%
Nov-00	8.11%	5.78%	2.33%	Nov-04	5.97%			Nov-08	7.60%	4.00%	3.60%	Nov-12	3.84%	2.80%	1.04%
Dec-00	7.84%	5.49%	2.35%	Dec-04	5.92%			Dec-08	6.52%	2.87%	3.65%	Dec-12	4.00%	2.88%	1.12%
Jan-01	7.80%	5.54%	2.26%	Jan-05	5.78%			Jan-09	6.36%	3.13%	3.26%	Jan-13	4.15%	3.08%	1.07%
Feb-01	7.74%	5.45%	2.29%	Feb-05	5.61%			Feb-09	6.30%	3.59%	2.71%	Feb-13	4.18%	3.17%	1.01%
Mar-01	7.68%	5.34%	2.34%	Mar-05	5.83%			Mar-09	6.42%	3.64%	2.78%	Mar-13	4.20%	3.16%	1.04%
Apr-01	7.94%	5.65%	2.29%	Apr-05	5.64%			Apr-09	6.48%	3.76%	2.72%	Apr-13	4.00%	2.93%	1.07%
May-01	7.99%	5.78%	2.21%	May-05	5.53%			May-09	6.49%	4.23%	2.26%	May-13	4.17%	3.11%	1.06%
Jun-01	7.85%	5.67%	2.18%	Jun-05	5.40%			Jun-09	6.20%	4.52%	1.68%	Jun-13	4.53%	3.40%	1.13%
Jul-01	7.78%	5.61%	2.17%	Jul-05	5.51%			Jul-09	5.97%	4.41%	1.56%	Jul-13	4.68%	3.61%	1.07%
Aug-01	7.59%	5.48%	2.11%	Aug-05	5.50%			Aug-09	5.71%	4.37%	1.34%	Aug-13	4.73%	3.76%	0.97%
Sep-01	7.75%	5.48%	2.27%	Sep-05	5.52%			Sep-09	5.53%	4.19%	1.34%	Sep-13	4.80%	3.79%	1.01%
Oct-01	7.63%	5.32%	2.31%	Oct-05	5.79%			Oct-09	5.55%	4.19%	1.36%	Oct-13	4.70%	3.68%	1.02%
Nov-01	7.57%	5.12%	2.45%	Nov-05	5.88%			Nov-09	5.64%	4.31%	1.33%	Nov-13	4.77%	3.80%	0.97%
Dec-01	7.83%	5.48%	2.35%	Dec-05	5.80%			Dec-09	5.79%	4.49%	1.30%	Dec-13	4.81%	3.89%	0.92%
Jan-02	7.66%	5.45%	2.21%	Jan-06	5.75%			Jan-10	5.77%	4.60%	1.17%	Jan-14	4.63%	3.77%	0.86%
Feb-02	7.54%	5.40%	2.14%	Feb-06	5.82%	4.54%	1.28%	Feb-10	5.87%	4.62%	1.25%	Feb-14	4.53%	3.66%	0.87%
Mar-02	7.76%			Mar-06	5.98%	4.73%	1.25%	Mar-10	5.84%	4.64%	1.20%	Mar-14	4.51%	3.62%	0.89%
Apr-02	7.57%			Apr-06	6.29%	5.06%	1.23%	Apr-10	5.81%	4.69%	1.12%	Apr-14	4.41%	3.52%	0.89%
May-02	7.52%			May-06	6.42%	5.20%	1.22%	May-10	5.50%	4.29%	1.21%	May-14	4.26%	3.39%	0.87%
Jun-02	7.42%			Jun-06	6.40%	5.15%	1.25%	Jun-10	5.46%	4.13%	1.33%	Jun-14	4.29%	3.42%	0.87%
Jul-02	7.31%			Jul-06	6.37%	5.13%	1.24%	Jul-10	5.26%	3.99%	1.27%	Jul-14	4.23%	3.33%	0.90%
Aug-02	7.17%			Aug-06	6.20%	5.00%	1.20%	Aug-10	5.01%	3.80%	1.21%	Aug-14	4.13%	3.20%	0.93%
Sep-02	7.08%			Sep-06	6.00%	4.85%	1.15%	Sep-10	5.01%	3.77%	1.24%	Sep-14	4.24%	3.26%	0.98%
Oct-02	7.23%			Oct-06	5.98%	4.85%	1.13%	Oct-10	5.10%	3.87%	1.23%	Oct-14	4.06%	3.04%	1.02%
Nov-02	7.14%			Nov-06	5.80%	4.69%	1.11%	Nov-10	5.37%	4.19%	1.18%	Nov-14	4.09%	3.04%	1.05%
Dec-02	7.07%			Dec-06	5.81%	4.68%	1.13%	Dec-10	5.56%	4.42%	1.14%	Dec-14	3.85%	2.83%	1.12%
												Average			
												12-months			0.94%
												6-months			1.00%
												3-months			1.06%

Common Equity Risk Premiums
Years 1926-2013

	Large Common Stocks	Long-Term Corp. Bonds	Equity Risk Premium	Long-Term Govt. Bonds Yields
Low Interest Rates	12.17%	4.57%	7.60%	3.01%
Average Across All Interest Rates	12.05%	6.26%	5.79%	5.15%
High Interest Rates	11.93%	7.95%	3.98%	7.28%

Source of Information: Stocks, Bonds, Bills, and Inflation (SBBI) 2014 Classic Yearbook

Basic Series
Annual Total Returns (except yields)

Year	Large Common Stocks	Long-Term Corp. Bonds	Long-Term Govt. Bonds Yields
1940	-9.78%	3.39%	1.94%
1945	36.44%	4.08%	1.99%
1941	-11.59%	2 73%	2.04%
1949	18.79%	3.31%	2.09%
1946	-8.07%	1.72%	2.12%
1950	31.71%	2.12%	2.24%
1939	-0.41%	3.97%	2.26%
1948	5.50%	4.14%	2.37%
2012	16 00%	10.68%	2.41%
1947	5.71%	-2.34%	2.43%
1942	20.34%	2.60%	2.46%
1944	19.75%	4.73%	2.46%
1943	25.90%	2.83%	2.48%
2011	2.11%	17.95%	2.48%
1938	31.12%	6.13%	2.52%
1936	33.92%	6.74%	2.55%
1951	24.02%	-2.69%	2.69%
1954	52.62%	5 39%	2.72%
1937	-35.03%	2.75%	2.73%
1953	-0.99%	3 41%	2.74%
1935	47.67%	9.61%	2.76%
1952	18.37%	3.52%	2.79%
1934	-1.44%	13.84%	2.93%
1955	31.56%	0.48%	2.95%
2008	-37.00%	8.78%	3.03%
1932	-8.19%	10.82%	3.15%
1927	37.49%	7.44%	3.16%
1957	-10.78%	8.71%	3.23%
1930	-24.90%	7.98%	3.30%
1933	53.99%	10.38%	3.36%
1928	43.61%	2.84%	3.40%
1929	-8.42%	3.27%	3.40%
1956	6.56%	-6.81%	3.45%
1926	11.62%	7.37%	3.54%
2013	32 39%	-7.07%	3.67%
1960	0.47%	9.07%	3.80%
1958	43.36%	-2.22%	3.82%
1962	-8.73%	7.95%	3.95%
1931	-43.34%	-1.85%	4.07%
2010	15.06%	12.44%	4.14%
1961	26.89%	4.82%	4.15%
1963	22.80%	2.19%	4.17%
1964	16.48%	4.77%	4.23%
1959	11.96%	-0.97%	4.47%
1965	12.45%	-0.46%	4.50%
2007	5.49%	2.60%	4.50%
1966	-10.06%	0.20%	4.55%
2009	26 46%	3.02%	4.58%
2005	4.91%	5.87%	4.61%
2002	-22.10%	16.33%	4.84%
2004	10.88%	8.72%	4.84%
2006	15.79%	3.24%	4.91%
2003	28.68%	5.27%	5.11%
1998	28.58%	10.76%	5.42%
1967	23.98%	-4.95%	5.56%
2000	-9.10%	12.87%	5.58%
2001	-11.89%	10.65%	5.75%
1971	14.30%	11.01%	5.97%
1968	11.06%	2.57%	5.98%
1972	18.99%	7.26%	5.99%
1997	33.36%	12.95%	6.02%
1995	37.58%	27.20%	6.03%
1970	3.86%	18.37%	6.48%
1993	10.08%	13.19%	6.54%
1996	22.96%	1.40%	6.73%
1999	21.04%	-7.45%	6.82%
1969	-8.50%	-8.09%	6.87%
1976	23.93%	18.65%	7.21%
1973	-14.69%	1.14%	7.26%
1992	7.62%	9.39%	7.26%
1991	30.47%	19.89%	7.30%
1974	-26.47%	-3.06%	7.60%
1986	18.67%	19.85%	7.89%
1994	1.32%	-5 76%	7.99%
1977	-7.16%	1.71%	8.03%
1975	37.23%	14.64%	8 05%
1989	31.69%	16.23%	8.16%
1990	-3.10%	6.78%	8.44%
1978	6.57%	-0.07%	8.98%
1988	16.61%	10.70%	9.18%
1987	5.25%	-0.27%	9.20%
1985	31.73%	30.09%	9.56%
1979	18.61%	-4.18%	10.12%
1982	21.55%	42.56%	10.95%
1984	6.27%	16.86%	11.70%
1983	22.56%	6.26%	11.97%
1980	32.50%	-2.76%	11.99%
1981	-4.92%	-1.24%	13.34%

Yields for Treasury Constant Maturities
Yearly for 2009-2013
and the Twelve Months Ended December 2014

Years	1-Year	2-Year	3-Year	5-Year	7-Year	10-Year	20-Year	30-Year
2009	0.47%	0.96%	1.43%	2.19%	2.81%	3.26%	4.11%	4.08%
2010	0.32%	0.70%	1.11%	1.93%	2.62%	3.21%	4.03%	4.25%
2011	0.18%	0.45%	0.75%	1.52%	2.16%	2.79%	3.62%	3.91%
2012	0.18%	0.28%	0.38%	0.76%	1.22%	1.80%	2.54%	2.92%
2013	0.13%	0.31%	0.54%	1.17%	1.74%	2.35%	3.12%	3.45%
Five-Year Average	0.26%	0.54%	0.84%	1.51%	2.11%	2.68%	3.48%	3.72%
Months								
Jan-14	0.12%	0.39%	0.78%	1.65%	2.29%	2.86%	3.52%	3.77%
Feb-14	0.12%	0.33%	0.69%	1.52%	2.15%	2.71%	3.38%	3.66%
Mar-14	0.13%	0.40%	0.82%	1.64%	2.23%	2.72%	3.35%	3.62%
Apr-14	0.11%	0.42%	0.88%	1.70%	2.27%	2.71%	3.27%	3.52%
May-14	0.10%	0.39%	0.83%	1.59%	2.12%	2.56%	3.12%	3.39%
Jun-14	0.10%	0.45%	0.90%	1.68%	2.19%	2.60%	3.15%	3.42%
Jul-14	0.11%	0.51%	0.97%	1.70%	2.17%	2.54%	3.07%	3.33%
Aug-14	0.11%	0.47%	0.93%	1.63%	2.08%	2.42%	2.94%	3.20%
Sep-14	0.11%	0.57%	1.05%	1.77%	2.22%	2.53%	3.01%	3.26%
Oct-14	0.10%	0.45%	0.88%	1.55%	1.98%	2.30%	2.77%	3.04%
Nov-14	0.13%	0.53%	0.96%	1.62%	2.03%	2.33%	2.76%	3.04%
Dec-14	0.21%	0.64%	1.06%	1.64%	1.98%	2.21%	2.55%	2.83%
Twelve-Month Average	0.12%	0.46%	0.90%	1.64%	2.14%	2.54%	3.07%	3.34%
Six-Month Average	0.13%	0.53%	0.98%	1.65%	2.08%	2.39%	2.85%	3.12%
Three-Month Average	0.15%	0.54%	0.97%	1.60%	2.00%	2.28%	2.69%	2.97%

Source: Federal Reserve statistical release H.15

Measures of the Risk-Free Rate & Corporate Bond Yields

The forecast of Treasury and Corporate yields
per the consensus of nearly 50 economists
reported in the Blue Chip Financial Forecasts dated January 1, 2015

		Treasury					Corporate	
Year	Quarter	1-Year Bill	2-Year Note	5-Year Note	10-Year Note	30-Year Bond	Aaa Bond	Baa Bond
2015	First	0.3%	0.7%	1.7%	2.4%	3.1%	4.0%	4.9%
2015	Second	0.5%	1.0%	1.9%	2.6%	3.3%	4.2%	5.1%
2015	Third	0.8%	1.3%	2.2%	2.8%	3.5%	4.3%	5.3%
2015	Fourth	1.2%	1.6%	2.4%	3.0%	3.7%	4.6%	5.5%
2016	First	1.5%	1.9%	2.7%	3.2%	3.9%	4.8%	5.7%
2016	Second	1.9%	2.2%	2.9%	3.4%	4.0%	5.0%	5.8%

Measures of the Market Premium

Value Line Return

As of:	Dividend Yield		Median Appreciation Potential		Median Total Return
December 26, 2014	2.1%	+	8.78%	=	10.88%

DCF Result for the S&P 500 Composite

D/P	(1+.5g)	+	g	=	k
2.03%	(1.0480)	+	9.59%	=	11.72%

where:	Price (P)	at	31-Dec-14	=	2058.90
	Dividend (D)	for	4th Qtr. '14	=	10.47
	Dividend (D)		annualized	=	41.88
	Growth (g)	by	First Call	=	9.59%

Summary

Value Line			10.88%
S&P 500			11.72%
Average			11.30%
Risk-free Rate of Return (Rf)			3.75%
Forecast Market Premium			7.55%
Historical Market Premium	(Rm)	(Rf)	
1926-2013 Arith. mean	12.11%	4.08%	8.03%
Average - Forecast/Historical			7.79%

This phenomenon can also be viewed graphically, as depicted in the Graph 7-2. The security market line is based on the pure CAPM without adjusting for the size premium. Based on the risk (or beta) of a security, the expected return should fluctuate along the security market line. However, the expected returns for the smaller deciles of the NYSE/AMEX/NASDAQ lie above the line, indicating that these deciles have had returns in excess of that which is appropriate for their systematic risk.

Table 7-6: Size-Decile Portfolios of the NYSE/AMEX/NASDAQ Long-Term Returns in Excess of CAPM

Decile	Beta*	Arithmetic Mean Return (%)	Actual Return in Excess of Riskless Rate** (%)	CAPM Return in Excess of Riskless Rate† (%)	Size Premium (Return in Excess of CAPM) (%)
1-Largest	0.91	11.13	6.03	6.37	-0.33
2	1.03	13.09	8.00	7.20	0.80
3	1.10	13.68	8.59	7.66	0.93
4	1.13	14.12	9.03	7.84	1.19
5	1.16	14.88	9.79	8.07	1.72
6	1.19	15.11	10.02	8.26	1.75
7	1.24	15.48	10.39	8.64	1.75
8	1.30	16.62	11.53	9.05	2.48
9	1.35	17.23	12.14	9.37	2.76
10-Smallest	1.40	20.88	15.79	9.77	6.01
Mid-Cap 3-5	1.12	14.02	8.93	7.79	1.14
Low-Cap 6-8	1.23	15.51	10.41	8.54	1.87
Micro-Cap 9-10	1.36	18.38	13.29	9.45	3.84

Data from 1926–2013

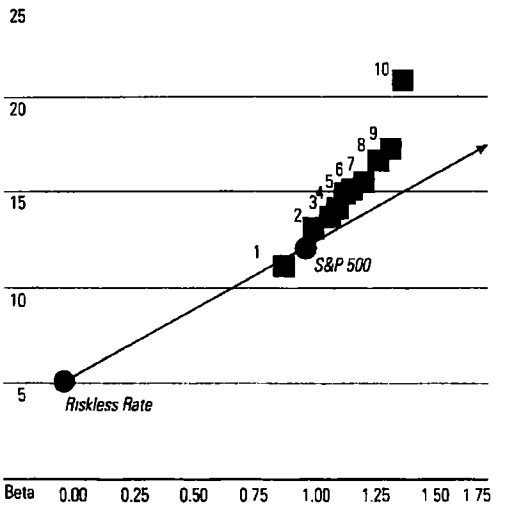
*Betas are estimated from monthly returns in excess of the 30-day U.S. Treasury bill total return, January 1926–December 2013.

**Historical riskless rate measured by the 88-year arithmetic mean income return component of 20-year government bonds (5.09 percent)

†Calculated in the context of the CAPM by multiplying the equity risk premium by beta. The equity risk premium is estimated by the arithmetic mean total return of the S&P 500 (12.05 percent) minus the arithmetic mean income return component of 20-year government bonds (5.09 percent) from 1926–2013.

Source: Morningstar and CRSP. Calculated (or Derived) based on data from CRSP US Stock Database and CRSP US Indices Database ©2014 Center for Research in Security Prices (CRSP®), The University of Chicago Booth School of Business Used with permission

Graph 7-2: Security Market Line Versus Size-Decile Portfolios of the NYSE/AMEX/NASDAQ



Data from 1926–2013.

Serial Correlation in Small Company Stock Returns

In four of the last ten years, large-capitalization stocks (deciles 1–2 NYSE/AMEX/NASDAQ) have outperformed small-capitalization stocks (deciles 9–10 NYSE/AMEX/NASDAQ). This has led some to speculate that there is no size premium, but statistical evidence suggests that periods of underperformance should be expected. For instance, since 1926, large-capitalization stocks have outperformed small-capitalization stocks nearly 50 percent of the time.

It should be noted, however, that large-capitalization stocks' average historical outperformance has been less than the average historical outperformance of small-capitalization stocks.

History tells us that small companies are riskier than large companies. Table 7-1 [see page 100] shows the standard deviation (a measure of risk) for each decile of the NYSE/AMEX/NASDAQ. As one moves from larger to smaller deciles, the standard deviation of return grows. Investors are compensated for taking on this additional risk by the higher returns provided by small companies. It is important to note, however, that the risk/return profile is over the long term. If small companies did not provide higher long-term returns, investors would be more inclined to invest in the less risky stocks of large companies.

Comparable Earnings Approach
Using Non-Utility Companies with
Timeliness of 2, 3 & 4; Safety Rank of 1, 2 & 3; Financial Strength of B++, A & A+;
Price Stability of 95 to 100; Betas of .70 to .85; and Technical Rank of 3 & 4

Company	Industry	Timeliness Rank	Safety Rank	Financial Strength	Price Stability	Beta	Technical Rank
AmerisourceBergen	MEDICNON	3	1	A	95	0.75	3
Ball Corp.	PACKAGE	2	2	B++	95	0.80	4
Bemis Co.	PACKAGE	2	2	A	95	0.85	3
Berkley (W.R.)	INSPRPTY	3	2	B++	100	0.70	3
Brown-Forman 'B'	BEVERAGE	4	1	A+	95	0.85	3
Chubb Corp.	INSPRPTY	4	1	A+	100	0.75	3
Costco Wholesale	RETAIL	3	1	A+	95	0.75	3
Cullen/Frost Bankers	BANK	4	1	A	95	0.85	3
Ecolab Inc.	CHEMSPEC	3	1	A	95	0.80	3
Erie Indemnity	INSPRPTY	4	2	B++	95	0.70	3
Gallagher (Arthur J.)	FINSERV	3	1	A	95	0.80	3
HCC Insurance Hldgs.	INSPRPTY	3	2	B++	95	0.85	3
Hormel Foods	FOODPROC	3	1	A	100	0.70	3
Lilly (Eli)	DRUG	4	1	A+	95	0.80	4
Marsh & McLennan	FINSERV	3	2	A	95	0.85	3
McCormick & Co.	FOODPROC	4	1	A+	100	0.70	3
Philip Morris Int'l	TOBACCO	4	2	B++	95	0.80	3
Stericycle Inc.	ENVIRONM	3	2	B++	95	0.75	3
Sysco Corp.	GROCERY	4	1	A+	100	0.75	3
Target Corp.	RETAIL	3	2	A	95	0.70	3
Waste Management	ENVIRONM	2	2	A	95	0.85	3
Average		3	1	A	96	0.78	3
Gas Group	Average	3	2	A	97	0.78	3

Source of Information: Value Line Investment Survey for Windows, December 2014

Comparable Earnings Approach
Five -Year Average Historical Earned Returns
for Years 2009-2013 and
Projected 3-5 Year Returns

Company	2009	2010	2011	2012	2013	Average	Projected 2017-19
AmerisourceBergen	18.8%	21.6%	24.6%	28.8%	31.9%	25.1%	37.0%
Ball Corp.	24.3%	35.8%	36.6%	36.5%	33.9%	33.4%	29.0%
Bemis Co.	8.2%	10.8%	13.4%	13.7%	14.1%	12.0%	15.0%
Berkley (W.R.)	10.2%	11.4%	7.7%	8.8%	9.7%	9.6%	10.0%
Brown-Forman 'B'	24.3%	25.4%	24.8%	35.4%	32.4%	28.5%	28.0%
Chubb Corp.	13.9%	12.4%	9.7%	8.8%	12.7%	11.5%	10.5%
Costco Wholesale	11.2%	12.1%	12.2%	14.1%	18.2%	13.6%	17.5%
Cullen/Frost Bankers	9.5%	10.1%	9.5%	9.8%	9.5%	9.7%	9.5%
Ecolab Inc.	23.9%	24.9%	10.5%	14.7%	14.7%	17.7%	14.0%
Erie Indemnity	12.0%	17.8%	21.4%	24.9%	22.2%	19.7%	27.0%
Gallagher (Arthur J.)	14.9%	14.8%	11.9%	11.8%	12.9%	13.3%	12.5%
HCC Insurance Hldgs.	11.7%	10.3%	7.9%	11.0%	11.1%	10.4%	10.0%
Hormel Foods	16.1%	17.0%	17.8%	17.7%	15.9%	16.9%	17.0%
Lilly (Eli)	50.9%	42.2%	36.3%	25.6%	25.5%	36.1%	21.0%
Marsh & McLennan	9.2%	8.6%	16.2%	17.8%	16.9%	13.7%	18.0%
McCormick & Co.	23.2%	24.4%	23.1%	24.0%	21.5%	23.2%	21.0%
Philip Morris Int'l	111.0%	NMF	NMF	NMF	NMF	111.0%	NMF
Stericycle Inc.	21.1%	20.4%	20.2%	18.6%	18.8%	19.8%	15.5%
Sysco Corp.	30.6%	30.9%	24.5%	23.9%	19.1%	25.8%	26.0%
Target Corp.	16.2%	18.3%	18.5%	17.5%	12.7%	16.6%	24.0%
Waste Management	15.7%	16.2%	16.6%	15.2%	17.7%	16.3%	23.0%
Average						23.0%	19.3%
Median						16.9%	17.8%
Average (excluding companies with values >20%)						13.5%	13.6%

Comparable Earnings Approach
Screening Parameters

Timeliness Rank

The rank for a stock's probable relative market performance in the year ahead. Stocks ranked 1 (Highest) or 2 (Above Average) are likely to outpace the year-ahead market. Those ranked 4 (Below Average) or 5 (Lowest) are not expected to outperform most stocks over the next 12 months. Stocks ranked 3 (Average) will probably advance or decline with the market in the year ahead. Investors should try to limit purchases to stocks ranked 1 (Highest) or 2 (Above Average) for Timeliness.

Safety Rank

A measure of potential risk associated with individual common stocks rather than large diversified portfolios (for which Beta is good risk measure). Safety is based on the stability of price, which includes sensitivity to the market (see Beta) as well as the stock's inherent volatility, adjusted for trend and other factors including company size, the penetration of its markets, product market volatility, the degree of financial leverage, the earnings quality, and the overall condition of the balance sheet. Safety Ranks range from 1 (Highest) to 5 (Lowest). Conservative investors should try to limit purchases to equities ranked 1 (Highest) or 2 (Above Average) for Safety.

Financial Strength

The financial strength of each of the more than 1,600 companies in the VS II data base is rated relative to all the others. The ratings range from A++ to C in nine steps. (For screening purposes, think of an A rating as "greater than" a B). Companies that have the best relative financial strength are given an A++ rating, indicating ability to weather hard times better than the vast majority of other companies. Those who don't quite merit the top rating are given an A+ grade, and so on. A rating as low as C++ is considered satisfactory. A rating of C+ is well below average, and C is reserved for companies with very serious financial problems. The ratings are based upon a computer analysis of a number of key variables that determine (a) financial leverage, (b) business risk, and (c) company size, plus the judgment of Value Line's analysts and senior editors regarding factors that cannot be quantified across-the-board for companies. The primary variables that are indexed and studied include equity coverage of debt, equity coverage of intangibles, "quick ratio", accounting methods, variability of return, fixed charge coverage, stock price stability, and company

Price Stability Index

An index based upon a ranking of the weekly percent changes in the price of the stock over the last five years. The lower the standard deviation of the changes, the more stable the stock. Stocks ranking in the top 5% (lowest standard deviations) carry a Price Stability Index of 100; the next 5%, 95; and so on down to 5. One standard deviation is the range around the average weekly percent change in the price that encompasses about two thirds of all the weekly percent change figures over the last five years. When the range is wide, the standard deviation is high and the stock's Price Stability Index is low.

Beta

A measure of the sensitivity of the stock's price to overall fluctuations in the New York Stock Exchange Composite Average. A Beta of 1.50 indicates that a stock tends to rise (or fall) 50% more than the New York Stock Exchange Composite Average. Use Beta to measure the stock market risk inherent in any diversified portfolio of, say, 15 or more companies. Otherwise, use the Safety Rank, which measures total risk inherent in an equity, including that portion attributable to market fluctuations. Beta is derived from a least squares regression analysis between weekly percent changes in the price of a stock and weekly percent changes in the NYSE Average over a period of five years. In the case of shorter price histories, a smaller time period is used, but two years is the minimum. The Betas are periodically adjusted for their long-term tendency to regress toward 1.00.

Technical Rank

A prediction of relative price movement, primarily over the next three to six months. It is a function of price action relative to all stocks followed by Value Line. Stocks ranked 1 (Highest) or 2 (Above Average) are likely to outpace the market. Those ranked 4 (Below Average) or 5 (Lowest) are not expected to outperform most stocks over the next six months. Stocks ranked 3 (Average) will probably advance or decline with the market. Investors should use the Technical and Timeliness Ranks as complements to one another.

COLUMBIA GAS OF PENNSYLVANIA, INC.
53.53 II. RATE OF RETURN
A. ALL UTILITIES

1. Provide capitalization and capitalization ratios for the last five-year period and projected through the next two years. (With short-term debt and without short-term debt.) (Company, Parent and System [consolidated].)

   a. Provide year-end interest coverage before and after taxes for the last three years and at latest date. (Indenture and SEC Basis.) (Company, Parent and System [consolidated].)

   b. Provide year-end preferred stock dividend coverage for the last three years and at latest date (Charter and SEC Basis).

Response:

1. Capitalization and capitalization ratios for the last five year period are provided on page 2 (Company) and page 3 (NiSource Inc.).

   a. Interest coverage ratios are provided on page 4 (Company) and page 5 (NiSource Inc.).

   b. Preferred stock dividend coverage for the last 3 years and at latest date for NiSource Inc. are as follows:

In millions	2011	2012	2013	2014
Net Income				
Required Preferred Dividend Payment				
Preferred Stock dividend coverage	N/A (1)	N/A (1)	N/A (1)	N/A (1)

(1) All outstanding cumulative preferred stock was redeemed in 2006.

COLUMBIA GAS OF PENNSYLVANIA, INC.
Capitalization and Capitalization Ratios
As Ratios

Line No.	As of	With Short Term Debt Amount (1) $000	With Short Term Debt Ratio (2) %	Without Short Term Debt Amount (3) $000	Without Short Term Debt Ratio (4) %
1	November 30, 2010				
2	Common Equity (a)	360,788	55.85	360,788	55.85
3	Long-Term Debt	285,215	44.15	285,215	44.15
4	Short-Term Debt (b)	0	0.01	0	0.00
5	Total	646,003	100.00	646,003	100.00
6	November 30, 2011				
7	Common Equity (a)	378,707	54.66	378,707	54.73
8	Long-Term Debt	313,215	45.21	313,215	45.27
9	Short-Term Debt (b)	874	0.13	0	0.00
10	Total	692,796	100.00	691,922	100.00
11	November 30, 2012				
12	Common Equity (a)	418,406	52.34	418,406	52.51
13	Long-Term Debt	378,390	47.34	378,390	47.49
14	Short-Term Debt (b)	2,577	0.32	0	0.00
15	Total	799,373	100.00	796,796	100.00
16	November 30, 2013				
17	Common Equity (a)	461,318	52.92	461,318	53.47
18	Long-Term Debt	401,390	46.05	401,390	46.53
19	Short-Term Debt (b)	8,956	1.04	0	0.00
20	Total	871,664	100.00	862,708	100.00
21	November 30, 2014				
22	Common Equity (a)	525,099	53.30	525,099	56.07
23	Long-Term Debt	411,390	41.76	411,390	43.93
24	Short-Term Debt (b)	48,598	4.93	0	0.00
25	Total	985,087	99.99	936,489	100.00
26	November 30, 2015 - Projected				
27	Common Equity (a)	583,684	51.72	583,684	53.17
28	Long-Term Debt	514,040	45.55	514,040	46.83
29	Short-Term Debt (b)	30,877	2.74	0	0.00
30	Total	1,128,601	100.01	1,097,724	100.00
31	December 31, 2016 - Projected				
32	Common Equity (a)	661,631	52.21	661,631	55.04
33	Long-Term Debt	540,515	42.65	540,515	44.96
34	Short-Term Debt (b)	65,104	5.14	0	0.00
35	Total	1,267,250	100.00	1,202,146	100.00

(a) Excluding Accumulated Other Comprehensive Income ("OCI") from the equity account, if any.
(b) Represent 12 month average

NiSource, Inc.
Capitalization and Capitalization Ratios
As Ratios

Line No.	As of	With Short Term Debt Amount (1) $000	With Short Term Debt Ratio (2) %	Without Short Term Debt Amount (3) $000	Without Short Term Debt Ratio (4) %
1	November 30, 2010				
2	Common Equity (a)	4,999,928	41.15	4,999,928	46.30
3	Preferred Stock	0	0.00	0	0.00
4	Long-Term Debt (c)	5,800,033	47.73	5,800,033	53.70
5	Short-Term Debt (b)	1,350,979	11.12	0	0.00
6	Total	12,150,940	100.00	10,799,961	100.00
7	November 30, 2011				
8	Common Equity (a)	5,091,272	40.33	5,091,272	43.82
9	Preferred Stock	0	0.00	0	0.00
10	Long-Term Debt (c)	6,526,138	51.69	6,526,138	56.18
11	Short-Term Debt (b)	1,007,905	7.99	0	0.00
12	Total	12,625,315	100.01	11,617,411	100.00
13	November 30, 2012				
14	Common Equity (a)	5,557,493	41.68	5,557,493	43.93
15	Preferred Stock	0	0.00	0	0.00
16	Long-Term Debt (c)	7,093,789	53.20	7,093,789	56.07
17	Short-Term Debt (b)	681,707	5.10	0	0.00
18	Total	13,332,989	99.98	12,651,282	100.00
19	November 30, 2013				
20	Common Equity (a)	5,865,304	40.75	5,865,304	42.52
21	Preferred Stock	0	0.00	0	0.00
22	Long-Term Debt (c)	7,929,918	55.10	7,929,918	57.48
23	Short-Term Debt (b)	597,154	4.15	0	0.00
24	Total	14,392,376	100.00	13,795,222	100.00
25	November 30, 2014				
26	Common Equity	6,157,886	38.18	6,157,886	42.23
27	Preferred Stock	0	0.00	0	0.00
28	Long-Term Debt	8,422,285	52.21	8,422,285	57.77
29	Short-Term Debt (b)	1,550,675	9.60	0	0.00
30	Total	16,130,846	99.99	14,580,171	100.00
31	November 30, 2015 - Projected				
32	Common Equity	7,217,205	40.58	7,217,205	44.69
33	Preferred Stock	0	0.00	0	0.00
34	Long-Term Debt	8,931,408	50.22	8,931,408	55.31
35	Short-Term Debt (b)	1,635,030	9.19	0	0.00
36	Total	17,783,643	99.99	16,148,612	100.00
37	December 31, 2016 - Projected				
38	Common Equity	8,462,687	43.80	8,462,687	48.02
39	Preferred Stock	0	0.00	0	0.00
40	Long-Term Debt	9,162,037	47.42	9,162,037	51.98
41	Short-Term Debt (b)	1,695,842	8.78	0	0.00
42	Total	19,320,566	100.00	17,624,724	100.00

(a) Reported per 10Q, excluding Accumulated Other Comprehensive Income ("OCI") from the equity account, if any.
(b) Balance at specified date
(c) Amounts include amortization of debt discounts/premiums and expenses for regulatory purposes that may have been expensed on the books.

COLUMBIA GAS OF PENNSYLVANIA, INC.
INTEREST COVERAGES

Line No.	Description	Twelve Months Ended November 30 2011 (1)	Twelve Months Ended November 30 2012 (2)	Twelve Months Ended November 30 2013 (3)	Twelve Months Ended November 30 2014 (4)
1	Income Before Interest and Taxes	70,404,780	60,234,301	87,548,459	124,208,990
2	Less: Income Taxes	3,226,677	3,221,207	13,208,582	36,920,000
3	Income Before Interest	67,178,103	57,013,094	74,339,877	87,288,990
4	Interest Expense	21,305,717	20,474,841	22,435,108	23,541,000
5	SFAS 96	0	0	0	0
6	Pre Tax Coverage (times) 1/	3.30	2.94	3.90	5.28
7	Post Tax Coverage (times) 2/	3.15	2.78	3.31	3.71

1/ Pre Tax=Line 1 / 4

2/ Pre Tax=Line 3 / 4

NISOURCE, INC.
INTEREST COVERAGES

Line No.	Description *000's*	Twelve Months Ended November 30 2011 (1)	Twelve Months Ended November 2012 (2)	Twelve Months Ended November 2013 (3)	Twelve Months Ended November 2014 (4)
1	Income Before Interest and Taxes	952,950.3	960,377.0	1,151,210.7	1,290,666.3
2	Less: Income Taxes	150,107.1	188,658.4	256,784.0	313,525.5
3	Income Before Interest	802,843.2	771,718.6	894,426.7	977,140.7
4	Interest Expense	376,789.8	416,380.4	411,916.1	443,714.5
5	SFAS 96	0.0	0.0	0.0	0.0
6	Pre Tax Coverage (times) 1/	2.53	2.31	2.79	2.91
7	Post Tax Coverage (times) 2/	2.13	1.85	2.17	2.20

1/ Pre Tax=Line 1 / 4

2/ Pre Tax=Line 3 / 4

NOTE: Historical TME November Income Statements for NiSource Consolidated do not include all restatements related to discontinued operations as they are not made on a monthly basis.

COLUMBIA GAS OF PENNSYLVANIA, INC.
53.53 II. RATE OF RETURN
A. ALL UTILITIES

2. Provide latest quarterly financial report (Company and Parent).

Response: Columbia Gas of Pennsylvania, Inc. does not publish quarterly financial reports.

Attached is NiSource Inc.'s September 30, 2014 Form 10-Q.

EDGAR Online

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

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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	35-2108964
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
801 East 86th Avenue Merrillville, Indiana	46410
(Address of principal executive offices)	(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
NOx	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)

(in millions, except per share amounts)	Three Months Ended September 30, **2014**	2013	Nine Months Ended September 30, **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.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Condensed Statements of Consolidated Comprehensive Income (unaudited)

(in millions, net of taxes)	Three Months Ended September 30, **2014**	2013	Nine Months Ended September 30, **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.

ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Condensed Consolidated Balance Sheets (unaudited)

(in millions)	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.

NiSource Inc.
Condensed Consolidated Balance Sheets (unaudited) (continued)

(in millions, except share amounts)	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.

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.

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ITEM 1. FINANCIAL STATEMENTS (continued)

NiSource Inc.
Condensed Statement of Consolidated Common Stockholders' Equity (unaudited)

(in millions)	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.

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.

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:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands)	**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

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.

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	**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:

(in millions)	**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.

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

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.

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.

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

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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 *(in millions)*	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**

December 31, 2013 *(in millions)*	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 .

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:

(in millions)	**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

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:

(in millions)	**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.

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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.

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 :

	Pension Benefits		Other Postretirement Benefits	
Three Months Ended September 30, *(in millions)*	**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

	Pension Benefits		Other Postretirement Benefits	
Nine Months Ended September 30, *(in millions)*	**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.

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.

(in millions)	**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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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.

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:

(in millions)	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.

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_{25} 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_{25} standard from 15 to 12 $\mu g/m^3$. 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 NO_2 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 $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 NOx by setting state-wide caps on power plant emissions. Implementation of the CSAPR was delayed for

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.

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).

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 *(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)**

Three Months Ended September 30, 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 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 *(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	(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.

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.

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	**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

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 :

	Nine Months Ended September 30,	
(in millions)	**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

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.

- 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.

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 approximately150 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 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 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 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.

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.

- 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.

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. N iSource 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 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

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.

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.

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).

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.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

NiSource Inc.
Gas Distribution Operations

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	**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.

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 "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 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.

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.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

NiSource Inc.

Columbia Pipeline Group Operations

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	**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.

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.

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

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.

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.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
(continued)

NiSource Inc.
Electric Operations

(in millions)	Three Months Ended September 30, 2014	Three Months Ended September 30, 2013	Nine Months Ended September 30, 2014	Nine Months Ended September 30, 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

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,

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.

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: October 30, 2014

By: /s/ Joseph W. Mulpas
Joseph W. Mulpas
Vice President and Chief Accounting Officer
(Principal Accounting Officer
and Duly Authorized Officer)

EXHIBIT 10.1

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 2.01 Lenders and Commitments
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 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. Each such telephonic notice of prepayment shall be confirmed promptly by hand delivery or telecopy 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 (iiii) 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 86 th 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 86 th 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:

Annex A

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]
$	$	%
$	$	%
$	$	%

[1] Select as applicable.

[2] Set 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:

[3] To be added only if the consent of the Borrower is required by the terms of the Loan Agreement.

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 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: _____

[4] Insert 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

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.

Exhibit 31.1

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

Exhibit 31.2

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

Exhibit 32.1

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

Exhibit 32.2

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

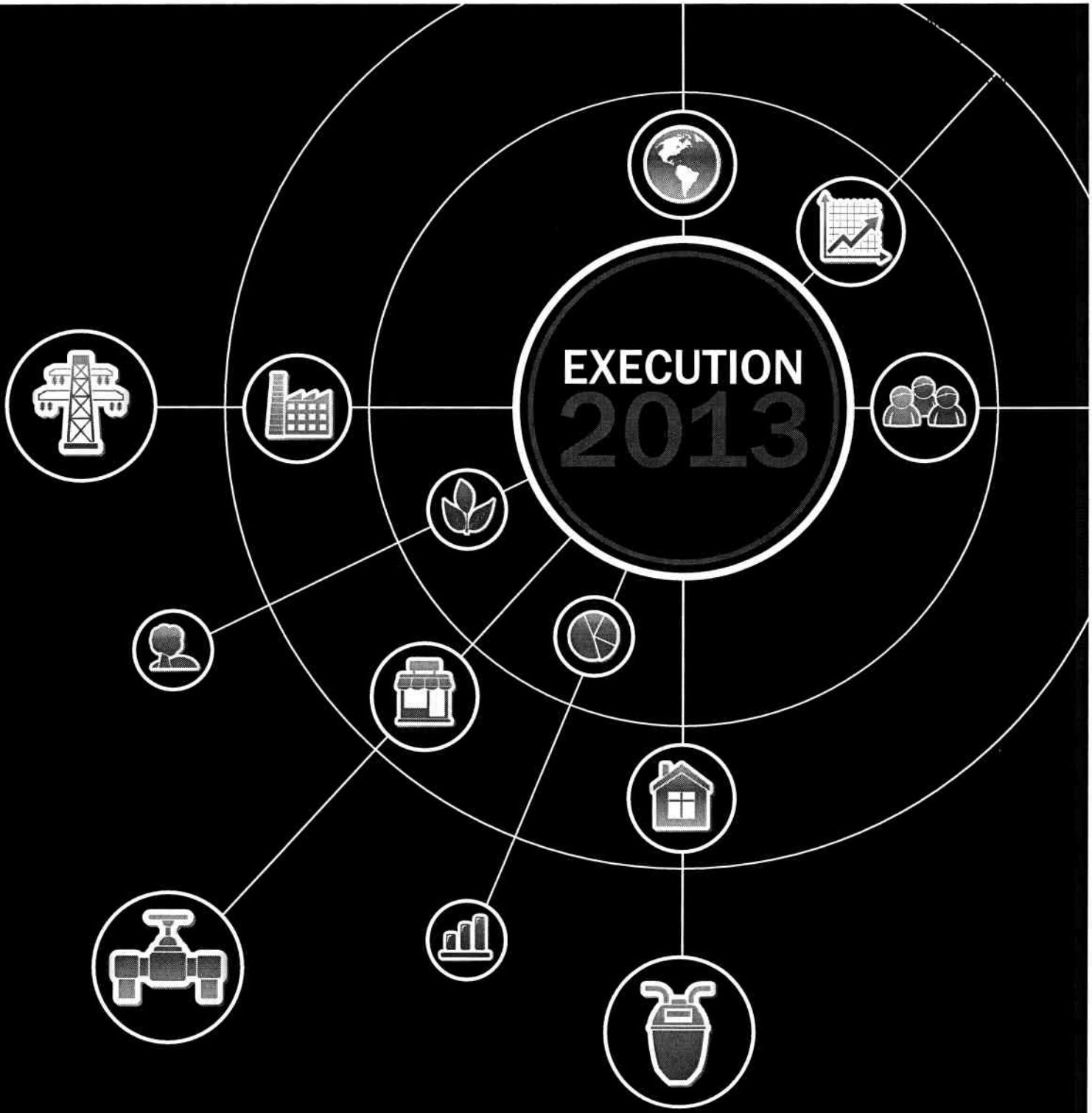
Date: October 30, 2014

COLUMBIA GAS OF PENNSYLVANIA, INC
53.53 II. RATE OF RETURN
A. ALL UTILITIES

3. Provide latest Stockholder Report (Company and Parent).

Response: Columbia Gas of Pennsylvania, Inc. does not publish a Stockholders Report.

Attachment A to this Exhibit is NiSource Inc.'s 2013 Annual Message to Stockholders and Attachment B is NiSource Inc.'s Form 10K for the fiscal year ended December 31, 2014.



MSource®

ANNUAL MESSAGE TO STOCKHOLDERS



NiSource delivered another year of solid execution, notable achievement and industry-leading growth in shareholder value. Some of the highlights from the year included...

- Deepening our $30B+ infrastructure project inventory
- Securing long-term modernization programs across NiSource
- Initiating an industry-leading $4B+ pipeline modernization program
- Building on a strong Utica & Marcellus footprint: midstream & growth projects
- Completing the first of several electric generation environmental upgrades
- Increasing transparency around Sustainability and Inclusion & Diversity initiatives
- Introducing new customer programs: saving energy and lowering utility bills
- Replacing more than 350 miles of distribution pipelines and related facilities
- Initiating $500M in electric transmission projects
- Executing a record $2B infrastructure-focused capital program
- Delivering net operating earnings of $1.58 per share* (non-GAAP)
- Producing 36 percent total shareholder return
- Increasing market capitalization by $2.6B
- Securing one of the World's Most Ethical Companies designation – three consecutive years
- Strengthening our financial foundation: $1.6B net available liquidity at year end
- Adding nearly 200 additional jobs

**For a reconciliation to GAAP, see schedule 1 of NiSource's February 18, 2014, earnings release.*

Fellow Shareholders:

By almost any measure, 2013 was monumental for NiSource, as we delivered another year of solid execution, notable achievement and industry-leading growth in shareholder value.

The engine that continues to drive our Team's strong performance is execution; specifically, steady and consistent execution of earnings-accretive investments in energy infrastructure modernization and system growth. With the successful completion of each project, our Team delivers on NiSource's promise to support continued system reliability, enhanced safety and environmental compliance, and access to affordable domestic energy supplies for our customers.

In 2013, NiSource's capital investment program reached a record level of just over $2 billion. In addition to successfully executing on this unprecedented investment level, the NiSource Team delivered on a wide range of customer service, commercial and regulatory initiatives.

These efforts supported our long-term business strategy as well as our near-term growth commitments, as we were able to generate net operating earnings of $1.58* (non-GAAP) per share in 2013 – at the upper end of our guidance range. This continued solid earnings performance, coupled with a growing dividend, helped produce a total shareholder return of 36 percent in 2013 – **outperforming the major utility indices by a wide margin for the fifth consecutive year.**

As we delivered this steady growth in shareholder value over the past few years, we also have remained true to several core financial commitments: maintaining investment grade credit, providing a solid and growing dividend, and ensuring strong financial liquidity.

Those commitments were reinforced in January 2014, as Moody's Investors Service upgraded NiSource's **investment-grade credit rating** from a Baa3 to Baa2, noting positive regulatory progress and an improved risk profile. This action is a testament to the strength of our business strategy, as well as the positive commercial and regulatory environment our NiSource Team has worked to foster and enhance. As we've noted, maintaining solid, investment-grade credit is critical to our long-term investment and growth plans. Fitch Ratings and Standard & Poor's also affirmed their investment-grade BBB- ratings for NiSource, with a stable outlook, in late 2013 and early 2014, respectively.



NiSource generated total shareholder return of 36 percent in 2013 – outperforming the major utility indices by a wide margin for the fifth consecutive year.

Bob Skaggs
President & CEO
NiSource Inc.

Looking ahead, NiSource's investment-focused business strategy is as straightforward, solid and relevant as ever. As you will see in this report, our Teams are successfully executing against a more than $30 billion, long-term inventory of identified growth and modernization investments. These stakeholder-focused investments are paired with a thoughtful and comprehensive array of forward-looking customer service and regulatory initiatives. Our ability to deliver on this plan is tested and confirmed, as is our core resolve to be **North America's Premier Regulated Energy Company.**

Focused Execution Across Three Strong Business Units

Each of NiSource's three core business units delivered strong performance during 2013. Those primary business units include:

Our **Columbia Pipeline Group** unit, which includes our extensive natural gas transmission, storage and midstream operations.

Our **Gas Distribution** businesses, which serve local gas distribution customers in Kentucky, Maryland, Massachusetts, Ohio, Pennsylvania and Virginia.

And **Northern Indiana Public Service Company (NIPSCO),** which provides customers with electric generation, transmission and distribution services, as well as natural gas distribution service.

Customer-Driven Pipeline Growth and Modernization

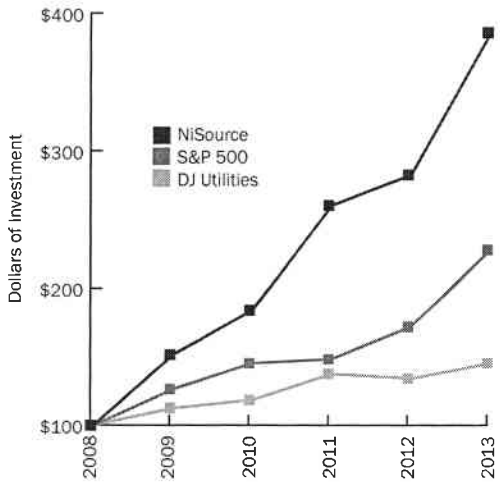
At Columbia Pipeline Group (CPG), our Team successfully completed the first year of the Columbia Gas Transmission system modernization program, while at the same time growing an inventory of market- and supply-driven gas transmission and midstream projects.

In early 2013, CPG received approval from the Federal Energy Regulatory Commission (FERC) for its **groundbreaking modernization program.** That momentum continued throughout the year as the company completed more than 30 individual modernization projects representing a total investment of $300 million, and culminated on January 30, 2014, when FERC approved recovery of costs associated with our 2013 investment – effective February 1, 2014.

The second year of the program is now underway with another $300 million of modernization investments planned. CPG and its customers have agreed to the initial five years of the program, with an opportunity to mutually extend the agreement.

STOCK PRICE PERFORMANCE

	NI	S&P 500	DJ Utilities
2013	$385.87	$228.11	$145.48
2012	$282.69	$172.29	$134.33
2011	$260.47	$148.55	$137.76
2010	$184.13	$145.48	$118.39
2009	$151.81	$126.44	$112.52
2008	$100.00	$100.00	$100.00



The overall program is expected to last 10 years or more and is expected to involve an aggregate investment in excess of $4 billion.

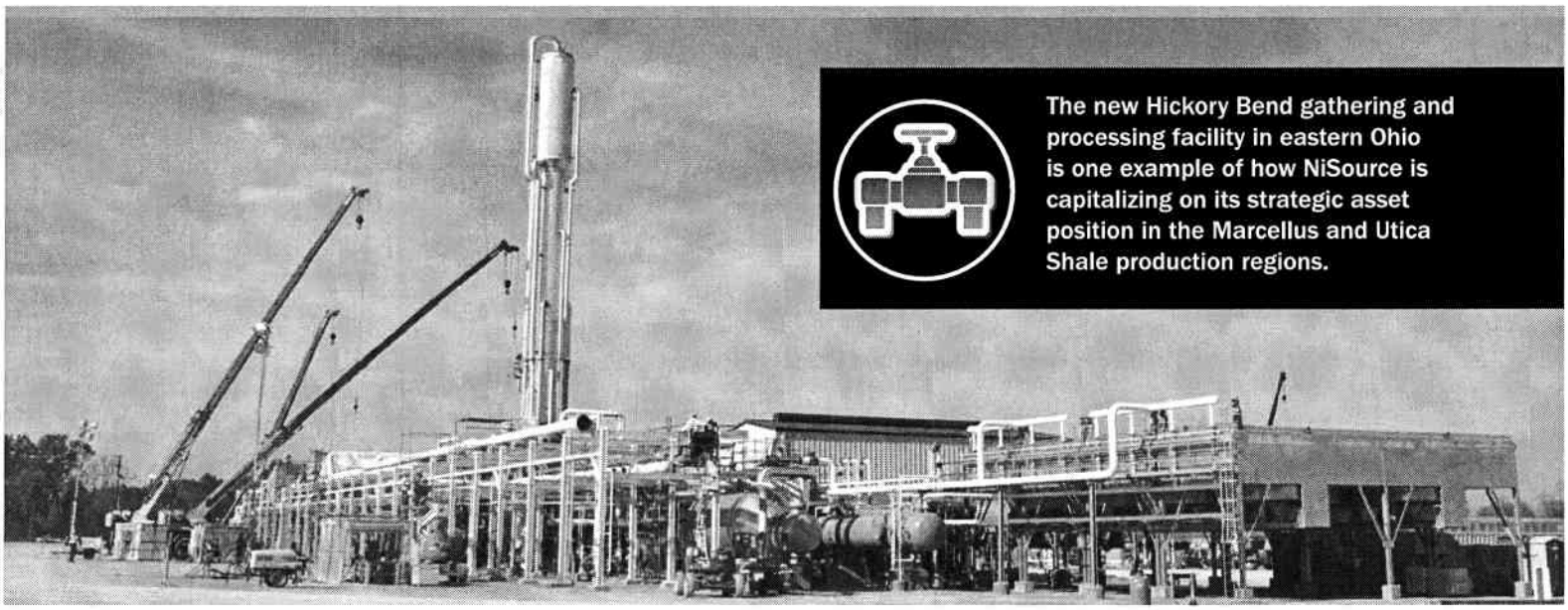
CPG also advanced several significant supply- and market-driven **growth projects** during 2013. These projects represent a total investment of nearly $1 billion and development of about two billion cubic feet of added system capacity over the next three years. The majority of these opportunities are the direct result of the significant development of natural gas supplies in the Marcellus and Utica Shale regions. With our strategically positioned pipeline assets, we continue to capitalize on the significant supply and demand shift happening across the pipeline grid.

The newest addition to this regulated project inventory is the **Cameron Access Project.** In January 2014 CPG entered into binding precedent agreements with customers on the project, which involves the construction of new pipeline facilities along the Columbia Gulf system to connect with the planned Cameron Liquefied Natural Gas (LNG) Export Terminal in southern Louisiana. The approximately $300 million project will provide customers access to numerous supply basins. The project will offer an initial capacity of up to 800,000 dekatherms per day and is expected to be placed into service by the end of 2017. Some other significant CPG projects in various stages of execution include:

- The approximately $200 million **West Side Expansion** project, which involves reversing the flow of gas on part of our Columbia Gulf Transmission system to transport about 500,000 dekatherms per day of Marcellus Shale production to Gulf Coast markets. During 2013, CPG completed a key portion of the project and began flowing gas from Leach, Ky., to Rayne, La. The **East Side Expansion** project will provide 300,000 dekatherms per day of transportation capacity for Marcellus supplies to northeastern and Mid-Atlantic markets. This $275 million project is expected to be placed in service during the third quarter of 2015.

- The **Warren County** project involves the extension of CPG facilities to serve Virginia Electric Power Company's new 1,300-megawatt power plant with up to 250,000 dekatherms per day of transportation capacity. At an investment of approximately $35 million, this project will be placed into service in mid-2014.

- CPG also is supporting the conversion of a large end-user's coal boilers to natural gas in **Giles County**, Va. Columbia Transmission will extend its system about 13 miles to an interconnect with Columbia Gas of Virginia (CGV), which will expand its system to the customer. At an investment of about $25 million for Columbia Transmission and $15 million for CGV, the project is expected to be placed in service during the fourth quarter of 2014.



The new Hickory Bend gathering and processing facility in eastern Ohio is one example of how NiSource is capitalizing on its strategic asset position in the Marcellus and Utica Shale production regions.

- During 2013, **Millennium Pipeline** placed in service an approximately $50 million compression expansion project that increased delivery capacity at Millennium's interconnections with Algonquin Gas Transmission to 675,000 dekatherms per day. A second Millennium growth project, also involving a total investment of about $40 million, will increase the pipeline's delivery capacity to 850,000 dekatherms per day by the middle of 2014. NiSource owns a 47.5 percent interest in Millennium.

CPG's project inventory continues to deepen as the Team originates and executes on new opportunities. Two recently announced projects, **Leach XPress and Rayne Xpress**, would further enable Marcellus and Utica Shale production to access trading markets on the Columbia Transmission and Columbia Gulf pipeline systems. The Team is in active discussions with prospective shippers and additional information will be shared later in 2014.

Building on a Strong Utica and Marcellus Midstream Foothold

Our **NiSource Midstream** Team, also a part of CPG, is continuing to capitalize on NiSource's **strategic asset position in the Marcellus and Utica Shale production regions.** In December, we began initial service of the **Hickory Bend** gathering and processing facility in eastern Ohio. That project involved construction of about 55 miles of gathering pipeline and related facilities. It provides about 600 million cubic feet per day of new gathering pipeline capacity and about 200 million cubic feet per day of processing capacity for producers in that region. We have one processing facility in operation at the site now, but as production in the area continues to grow, we anticipate adding two additional processing facilities.

Our Midstream Team also is moving forward with a separate natural gas liquids pipeline that will connect the Hickory Bend plant to the UEO Kensington facility in Columbiana County, Ohio. This line will deliver up to 90,000 barrels of liquids per day. Both projects are part of our **Pennant Midstream, LLC partnership,** a joint venture with units of Hilcorp Energy Company. NiSource owns a 50 percent interest and is the operator of the facilities. The total Hickory Bend investment is expected to reach $1 billion once fully developed. Serving as a complement to this infrastructure development in the Utica Shale is our resource development arrangement with Hilcorp. In 2012 we entered into an agreement with Hilcorp to develop the hydrocarbon potential



Monica Nguyen
Team Leader, Customer Service
Columbia Pipeline Group

Providing responsive, reliable and affordable energy services for our customers is a cornerstone of NiSource's Sustainability Strategy. Learn about our commitments to customers, communities, the environment and more at nisource.com/sustainability.

on more than 100,000 combined acres in the Utica/Point Pleasant Shale. NiSource owns both a working and overriding royalty interest. Ten wells were complete and in various stages of drilling at the end of 2013, and we anticipate that beginning this year Hilcorp will be completing 25-30 wells per year.

In the Marcellus region, our NiSource Midstream Team completed the approximately $165 million **Big Pine Gathering System** in western Pennsylvania in the first half of the year. This project is anchored by long-term gathering agreements with XTO Energy, PennEnergy, and most recently, a subsidiary of Range Resources Corporation. The pipeline facilities provide customers with alternative outlets for Marcellus Shale production with a transportation capacity of 425 million cubic feet per day.

As you can see, our CPG agenda is rich with activity designed to strengthen customer service, assure the continued reliability of our system and support the development of shale energy supplies.

Investing in Northern Indiana's Utility Infrastructure

During 2013, our **Northern Indiana Public Service Company (NIPSCO)** Team continued to execute on significant environmental investments, while advancing plans to modernize key elements of its natural gas and electric systems.

The most recent milestone occurred in February 2014 when NIPSCO received approval of its **$1.1 billion, seven year electric system modernization plan** from the Indiana Utility Regulatory Commission (IURC). The electric plan is part of NIPSCO's long-term modernization programs designed to ensure long-term system reliability, flexibility and safety, as well as provide improved rural access to natural gas service. A decision on the natural gas program, involving an investment of approximately $700 million, is expected in mid-2014.

Another milestone in 2013 for NIPSCO was the November completion of its first flue gas desulfurization (FGD) unit at the **R.M. Schahfer Electric Generation Station**, which was



Northern Indiana Public Service Company (NIPSCO) is executing on an inventory of more than $6 billion in long-term electric and natural gas system modernization, growth and environmental investments.

Suzanne Marcisz & Jordan Rizo
Transmission Project Engineers
NIPSCO

completed on budget and ahead of schedule. A second unit at Schahfer is under construction and on schedule for completion by the end of this year. The investment in this critical facility, by far the largest in NIPSCO's generating fleet, serves to enhance environmental compliance and energy reliability for the region.

Work also has started on a third FGD project at our Michigan City Electric Generating Station. That project is slated for completion by the end of 2015. Once these three projects are complete, NIPSCO's coal generating fleet will be fully "scrubbed," and one of the cleanest in the country.

Across its operations, NIPSCO is executing on a total of approximately **$850 million in environmental investments,** including enhancements to support compliance with the Environmental Protection Agency's Mercury and Air Toxics Standards (MATS) rule.

On the regulatory front, NIPSCO reached an agreement with major customer groups, and received subsequent IURC approval, to extend its 2010 **natural gas customer rate settlement** through 2020. This extension is a win-win for the company and customers, and has helped pave the way for NIPSCO customers to continue to experience some of the lowest total natural gas bills in Indiana.

NIPSCO also has advanced two key **electric transmission projects** that will further enhance the region's electric grid reliability, flexibility and supply options. Projects currently in process include a new 100-mile, 345-kilovolt transmission line, and a 66-mile, 765-kilovolt line. These projects, which together represent an investment of about $500 million for NIPSCO, will strengthen the Midwest's electrical infrastructure while supporting economic development in the region and providing new jobs.

The 345-kilovolt **Reynolds-Topeka** project remains on schedule, with route selection completed and right-of-way acquisition in process. The 765-kilovolt **Greentown-Reynolds** project is a joint project with Pioneer Transmission. Public outreach on the Greentown-Reynolds line is in progress and route selection is scheduled to occur later in 2014. Both projects are anticipated to be in service during 2018.

During 2013, NIPSCO also began a three-year program to upgrade nearly a million customer gas and electric meters to provide more efficient automated meter reading. The company also introduced a new **Green Power Rate** pilot program, which complements a variety of other existing renewable energy and customer programs. The program allows customers to designate a portion or all of their monthly electric usage to be attributable



to power generated by renewable energy sources. In all, NIPSCO has an inventory of **more than $6 billion in long-term investments** designed to provide continued, sustainable value for our customers and communities in northern Indiana.

Executing Gas Distribution Modernization Initiatives



Our Gas Distribution businesses continue to **set the standard for disciplined project execution,** paired with a foundational commitment to customer value and stakeholder engagement.

Across our six-state Columbia Gas distribution service territory, our Teams are steadily executing on a long-term, $10 billion-plus inventory of **infrastructure replacement and enhancement programs.** During 2013, our gas distribution capital investments reached a record level of $790 million, with the largest portion of that investment committed to infrastructure modernization programs. Under those programs, our gas distribution Teams replaced more than 350 miles of pipelines and related facilities last year. This investment provides significant benefits to our customers, communities and shareholders.

Customers and communities benefit from a more modern natural gas infrastructure, which increases safety and reliability while at the same time reducing greenhouse gas emissions. In addition, we generate significant economic development in local communities through the use of local suppliers and contractors. And, as always, we couple those investments with complementary customer programs such as energy efficiency initiatives to reduce utility bills, preserve resources, and provide low-income customer support.

Our gas distribution Teams also continued to be active in the regulatory arena in 2013, something that will continue in 2014 as we work collaboratively with key stakeholders to advance our customer service and system modernization strategies.

Among several key recent regulatory activities was our **Columbia Gas of Massachusetts** rate

Our Columbia Gas distribution Teams are steadily executing on more than $10 billion in long-term infrastructure replacement and enhancement programs. That work resulted in the replacement of more than 350 miles of pipeline and related facilities during 2013.

Doug Williams
Field Operations Leader
Columbia Gas of Pennsylvania

proceeding. The case resulted in increased annual revenue of about $19 million, and supported the company's expanded infrastructure modernization and replacement plans.

Another recently completed case was at **Columbia Gas of Kentucky (CKY)**, where we received authorization to increase revenues by about $8 million per year. The order also provides for an increased fixed customer charge and support of our modernization investments. This order includes recovery for the installation of automated meter reading technology across CKY's customer base.

In addition, we placed new rates into effect at **Columbia Gas of Maryland (CMD) and Columbia Gas of Pennsylvania** during 2013. Pennsylvania's unanimous rate case settlement, approved in July 2013, **will increase revenues by approximately $55 million** annually and offer a simplified residential rate design, including a weather normalization adjustment and full recovery of safety-related expenditures.

In September 2013, CMD received an order increasing revenues by $3.6 million annually and introducing a revenue normalization adjustment. And finally, at **Columbia Gas of Ohio**, we received approval of our latest infrastructure replacement rider in April 2013, resulting in an increase in revenues of $30 million over last year.

Our gas distribution Team's performance in 2013 was again impressive, and continued to generate sustainable value for our customers and results squarely in line with our plan. As we move into 2014, we are confident our established approach for **creating shared value for customers and key stakeholders** will continue to deliver solid results. We've targeted about $815 million in gas distribution capital spending for 2014 – focused primarily on system modernization and growth initiatives.

Thoughtful, Disciplined Financial Approach

Capital-intensive businesses such as ours require a strong financial profile, and I'm pleased to report that **NiSource's financial foundation is strong and getting stronger.** Throughout 2013, we took thoughtful and disciplined steps to further improve our liquidity position and to extend our debt maturity profile – ending the year with about $1.6 billion in net available liquidity.



We are executing on a proven growth strategy while staying true to our well-established core commitments to maintain stable, investment grade credit ratings, strong financial liquidity and annual dividend growth.



Lin Koh
Director, Audit
NiSource Corporate Services

During the first quarter of 2013, we successfully completed the sale of our non-core retail services business to AGL Resources. That transaction generated net proceeds of $120 million, helping to support our ongoing infrastructure investments. Also in the first quarter, we expanded our $500 million commercial paper program to $1.5 billion.

In two separate transactions we also issued $1.25 billion of 30-year notes at attractive rates. This action extended our debt maturity profile by nearly three years and reduced our average coupon rate to 5.63 percent. In addition, we increased our revolving credit facility by $500 million to $2 billion, and extended its term by an additional 16 months to September 2018.

The success of these programs is a testament to the confidence the market has in our business plan, risk profile and focus on execution.

Delivering Continued Strong Shareholder Value in 2014

As you can see, NiSource's game plan is well established and our Team is steadily and effectively executing on our strategy. With more than $2 billion in capital investments underway across NiSource for 2014, we fully expect to deliver on our core commitments, including **consistently generating earnings growth in the 5 to 7 percent range** over the long term. In fact, 75 percent of this year's capital investment program is earmarked for earnings-accretive and revenue-generating projects. With that in mind, we expect to deliver 2014 net operating earnings within a range of $1.61 to $1.71 per share,* non-GAAP. I also want to reiterate our intention to execute on this proven strategy while staying true to our well-established core commitments – **maintaining stable, investment-grade credit ratings, strong financial liquidity, and dividend growth in the range of 3 to 5 percent annually.**

NiSource's journey over the past five years has been one of consistency, focus and exceptional execution. That said, we understand that extended periods of success can lead to a sense of complacency and distraction from the plan. To guard against that tendency, as an organization, we constantly remind ourselves to remain 'humble and hungry' – for our customers, shareholders and other key stakeholders.

Thank you for your investment in and your continued support of NiSource.



Bob Skaggs
President & CEO
NiSource Inc.

MANAGEMENT TEAM

Robert C. Skaggs, Jr.
President & CEO

Stephen P. Smith
Executive Vice President & CFO

Carrie J. Hightman
Executive Vice President & CLO

Joseph Hamrock
Executive Vice President & Group CEO, Gas Distribution

Jim L. Stanley
Executive Vice President & Group CEO, NIPSCO

Robert D. Campbell
Senior Vice President, Human Resources

Glen L. Kettering
Senior Vice President, Corporate Affairs & Interim Group CEO, Columbia Pipeline Group

Violet G. Sistovaris
Senior Vice President & CIO

Larry J. Francisco
Vice President, Audit

**There will likely be differences between net operating earnings and GAAP earnings due to the unpredictability of weather and other factors.*

Letter from the Chairman

As Bob Skaggs points out in his letter, 2013 was another year of solid execution and strong achievement by the NiSource Team. The company continued its impressive run of providing industry-leading total shareholder returns, while also advancing a broad array of long-range infrastructure investments and key initiatives.

These accomplishments – all of which were outlined and anticipated as part of NiSource's well-established business strategy – are tightly aligned with the interests of the company's customers and the communities it serves. The company's commitment to clarity, transparency and stakeholder engagement in the execution of this plan is in no small measure a key factor in the company's continued success.

The foundation of NiSource's business plan is an underlying commitment by the company's leadership, employees and the Board of Directors to the highest standards of integrity. It is exemplified by NiSource's strong corporate governance model, its rigorous Code of Business Conduct, and the engaged and active oversight of the NiSource Board of Directors. As a group, the members of the Board take very seriously our role as stewards of your investment, as well as our obligation to uphold the principles of integrity, transparency and independence. These principles remain absolute as NiSource advances its business strategy.

I'm pleased to add that the company was designated as one of the World's Most Ethical Companies for the third consecutive year. This honor is awarded by the Ethisphere Institute, an organization committed to the creation, advancement and sharing of best practices in business ethics, corporate social responsibility and sustainability. Receiving this important designation yet again underscores NiSource's ongoing focus on doing the right thing each and every day.

As we move forward through 2014, I can assure you that the Board will continue to maintain a high level of engagement with management and, together with Bob and his Team, will test and validate the company's strategies and plans on an ongoing basis. We are confident the company will continue to deliver for you and our other key stakeholders.

Thank you for your continuing investment, interest and support for NiSource.

Rich Thompson

Rich Thompson
Chairman of the Board
NiSource Inc.

2014 WORLD'S MOST ETHICAL COMPANIES®
WWW.ETHISPHERE.COM

BOARD OF DIRECTORS

Richard L. Thompson
Chairman of the Board, NiSource Inc.

Richard A. Abdoo
President,
R.A. Abdoo & Co. LLC

Aristides S. Candris
Retired President & CEO,
Westinghouse

Sigmund L. Cornelius
President and COO,
Freeport LNG, LLC

Michael E. Jesanis
Principal, Serrafix

Marty R. Kittrell
Retired Executive Vice President & CFO, Dresser, Inc.

W. Lee Nutter
Retired Chairman, President & CEO, Rayonier, Inc.

Deborah S. Parker
Senior Vice President, Quality & Environmental, Health & Safety, Alstom Power

Robert C. Skaggs, Jr.
President & CEO, NiSource Inc.

Teresa A. Taylor
CEO, Blue Valley Advisors, LLC

Carolyn Y. Woo
President & CEO,
Catholic Relief Services

STOCKHOLDER INFORMATION

This document contains forward-looking statements. For a discussion of factors that could cause actual results to differ materially from those contained in such statements, please see "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the NiSource Inc. annual report on Form 10-K included herein.

NiSource Inc. common stock is listed and traded on the New York Stock Exchange under the symbol NI. The shares are listed in financial stock quotations as NISOURCE. As of December 31, 2013, NiSource had 26,965 registered common stockholders.

Anticipated Dividend Record & Payment Dates – NI Common Stock

Record Date	Payment Date
04/30/14	05/20/14
07/31/14	08/20/14
10/31/14	11/20/14
02/09/15	02/20/15

Common Stock Dividend Declared

On February 20, 2014, the Company paid a quarterly dividend of $0.25 per share, equivalent to $1.00 per share on an annual basis.

Investor & Financial Information

Financial analysts and investment professionals should direct written and telephone inquiries to NiSource Investor Relations at 801 East 86th Avenue, Merrillville, IN 46410 or (219) 647-6209.

Copies of NiSource's financial reports are available by writing or calling the Investor Relations department at the address or phone number listed above. The materials are also available at www.nisource.com.

Stockholder Services

Questions about stockholder accounts, stock certificates, transfer of shares, dividend payments, automatic dividend reinvestment and stock purchase plan, and electronic deposit may be directed to Computershare at the following;

Computershare
P.O. Box 30170
College Station, Texas 77842-3170
or
211 Quality Circle, Suite 210
College Station, Texas 77845

(888) 884-7790

TDD for Hearing Impaired
(800) 231-5469

Foreign Stockholders
(201) 680-6578

TDD Foreign Stockholders
(201) 680-6610

www.computershare.com/investor

On June 4, 2013, NiSource's Chief Executive Officer submitted to the New York Stock Exchange ("NYSE") an annual certification stating that as of that date he was not aware of any violation by the company of the New York Stock Exchange's corporate governance listing standards, as required by Section 303A.12(a) of the NYSE's Listed Company manual. NiSource's Chief Executive Officer and Chief Financial Officer have provided certifications to the U.S. Securities and Exchange Commission as required by Section 302 of the Sarbanes-Oxley Act of 2002. These certifications are included as Exhibits 31.1 and 31.2 to the company's 10-K for the year ended December 31, 2013.

Stockholder Inquiries
Computershare
Shareowner Services
(888) 884-7790

Analyst Inquiries
Investor
Relations
(219) 647-4586

Media Inquiries
Corporate
Communications
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EDGAR Online

NISOURCE INC/DE

FORM 10-K
(Annual Report)

Filed 02/18/15 for the Period Ending 12/31/14

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

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

FORM 10-K

☑ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)**
OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 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	35-2108964
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
801 East 86th Avenue Merrillville, Indiana	46410
(Address of principal executive offices)	(Zip Code)

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock	New York

Securities registered pursuant to Section 12(g) of the Act: None

I ndicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☑ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ☐ No ☑

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 Website, 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in of this Form 10-K or any amendment to this Form 10-K. ☑

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 definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12-b-2 of the Exchange Act.

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 Act). Yes ☐ No ☑

The aggregate market value of Common Stock (based upon the June 30, 2014 , closing price of $39.34 on the New York Stock Exchange) held by non-affiliates was approximately $12,354,419,322 .

There were 316,211,929 shares of Common Stock, $0.01 Par Value outstanding as of February 10, 2015 .

Documents Incorporated by Reference

Part III of this report incorporates by reference specific portions of the Registrant's Notice of Annual Meeting and Proxy Statement relating to the Annual Meeting of Stockholders to be held on May 12, 2015 .

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DEFINED TERMS

The following is a list of abbreviations or acronyms that are used 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, 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 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
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.
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 Inc.
Pennant	Pennant Midstream, LLC

Abbreviations

AFUDC	Allowance for funds used during construction
AMI	Area of Mutual Interest
AMRP	Accelerated Main Replacement Program
AOC	Administrative Order by Consent
AOCI	Accumulated Other Comprehensive Income
ARP	Alternative Regulatory Plan
ARRs	Auction Revenue Rights
ASC	Accounting Standards Codification
BBA	British Banker Association
Bcf	Billion cubic feet

DEFINED TERMS

BNS	Bank of Nova Scotia
Board	Board of Directors
BTMU	The Bank of Tokyo-Mitsubishi UFJ, LTD.
BTU	British Thermal Unit
CAA	Clean Air Act
CCGT	Combined Cycle Gas Turbine
CCRM	Capital Cost Recovery Mechanism
CCRs	Coal Combustion Residuals
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
DSIC	Distribution System Improvement Charge
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
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
IBM	International Business Machines Corp.
IDEM	Indiana Department of Environmental Management
INDIEC	Indiana Industrial Energy Consumers, Inc.
IPO	Initial Public Offering
IRP	Infrastructure Replacement Program
IRS	Internal Revenue Service
IURC	Indiana Utility Regulatory Commission

DEFINED TERMS

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/d	Million cubic feet per day
MGP	Manufactured Gas Plant
MISO	Midcontinent Independent System Operator
Mizuho	Mizuho Corporate Bank Ltd.
MMDth	Million dekatherms
MMDth/d	Million dekatherms per day
mw	Megawatts
mwh	Megawatt hours
NAAQS	National Ambient Air Quality Standards
NGL	Natural Gas Liquids
NOV	Notice of Violation
NO_2	Nitrogen dioxide
NOx	Nitrogen oxides
OCI	Other Comprehensive Income (Loss)
OPEB	Other Postretirement and Postemployment Benefits
OUCC	Indiana Office of Utility Consumer Counselor
Partnership	CPPL
PCB	Polychlorinated biphenyls
PEF	Pension Expense Factor
Piedmont	Piedmont Natural Gas Company, Inc.
PM	Particulate matter
PNC	PNC Bank N.A.
ppb	Parts per billion
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.
PSC	Public Service Commission
PUC	Public Utility Commission
PUCO	Public Utilities Commission of Ohio
RAAF	Residential Assistance Adjustment Factor
RBS	Royal Bank of Scotland PLC
RDAF	Revenue decoupling adjustment factor
RTO	Regional Transmission Organization
SAVE	Steps to Achieve Virginia's Energy
SEC	Securities and Exchange Commission
SIP	State Implementation Plan
SO_2	Sulfur dioxide

DEFINED TERMS

Sugar Creek	Sugar Creek electric generating plant
TDSIC	Transmission, Distribution and Storage System Improvement Charge
TIRF	Targeted Infrastructure Reinvestment Factor
TUAs	Transmission Upgrade Agreements
VIE	Variable Interest Entity
VSCC	Virginia State Corporation Commission

ITEM 1. BUSINESS

NISOURCE INC.

NiSource (the "Company") is an energy holding company whose subsidiaries provide natural gas, electricity and other products and services to approximately 3.8 million customers located within a corridor that runs from the Gulf Coast through the Midwest to New England. NiSource is the successor to an Indiana corporation organized in 1987 under the name of NIPSCO Industries, Inc., which changed its name to NiSource on April 14, 1999.

NiSource is one of the nation's largest natural gas distribution companies, as measured by number of customers. NiSource's principal subsidiaries include NiSource Gas Distribution Group, Inc., a natural gas distribution holding company, and Columbia Pipeline Group, Inc. ("CPG"), a transmission and storage holding company, whose subsidiaries provide service to customers in the Midwest, the Mid-Atlantic and the Northeast; NIPSCO, a gas and electric company providing service to customers in northern Indiana. NiSource derives substantially all of its revenues and earnings from the operating results of its thirteen direct subsidiaries. NiSource's subsidiary CPG was recently formed to be the holding company under which Columbia is organized in connection with the Proposed Separation (as defined below).

NiSource's business segments are: Gas Distribution Operations; Columbia Pipeline Group Operations; and Electric Operations. Following is a summary of the business for each reporting segment. Refer to Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Note 22, "Segments of Business," in the Notes to Consolidated Financial Statements for additional information for each segment.

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 , a fully regulated natural gas and electric utilities company, and CPG, a natural gas pipeline, midstream and storage company. The Proposed Separation is expected to occur in mid-2015. The Proposed Separation is subject to various conditions, and there is no assurance that the transaction will be completed in mid-2015 or at all. Refer to the "Consolidated Review" under Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," for additional information on the Proposed Separation. In connection with the Proposed Separation, CPG has filed with the SEC a registration statement under the Securities Exchange Act of 1934 that is not yet effective.

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.

On February 11, 2015, CPPL (the "Partnership") 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 $1,170.0 million of net proceeds for 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.

Gas Distribution Operations

NiSource's natural gas distribution operations serve approximately 3.4 million customers in seven states and operate approximately 58,000 miles of pipeline. Through its wholly-owned subsidiary NiSource Gas Distribution Group, Inc., NiSource owns six distribution subsidiaries that provide natural gas to approximately 2.6 million residential, commercial and industrial customers in Ohio, Pennsylvania, Virginia, Kentucky, Maryland and Massachusetts. Additionally, NiSource also distributes natural gas to approximately 807,000 customers in northern Indiana through its wholly-owned subsidiary NIPSCO.

Columbia Pipeline Group Operations

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.

ITEM 1. BUSINESS

NISOURCE INC.

NiSource's Columbia Pipeline Group Operations continue to develop a range of growth initiatives, including mineral leasing and optimization, midstream projects and traditional pipeline expansion opportunities that leverage NiSource's strategically positioned pipeline and storage assets. A number of Columbia Pipeline Group Operations' new growth projects are designed to support increasing Marcellus and Utica Shale production, while the segment also has continued to grow and adapt its system to provide critical transportation and storage services to markets across its high-demand service territory.

Columbia Midstream is an unregulated business that provides natural gas producer services including gathering, treating, conditioning, processing, compression and liquids handling in the Appalachian Basin. Columbia Midstream owns approximately 103 miles of natural gas gathering pipeline and one compressor station with 6,800 horsepower of installed capacity and also owns a 50% ownership interest in Pennant, which owns approximately 80 miles of wet natural gas gathering pipeline infrastructure, a cryogenic processing plant and an NGL pipeline. Columbia Midstream supports the growing production in the Utica and Marcellus resource plays.

CEVCO is an unregulated business that manages the company's mineral rights positions in the Marcellus and Utica Shale areas. CEVCO owns production rights to approximately 460,000 acres and has sub-leased the production rights in four storage fields and has also contributed its production rights in one other field. CEVCO has entered into multiple transactions to develop its minerals position and as a result receives revenue through working interests and/or overriding royalty interests.

CEVCO has also retained the right to participate as a non-operating working interest owner in one of the fields it has subleased. CEVCO may participate up to a 12.5% interest in any unit that includes acres that have been subleased to a producer. This option was exercised in 2013 with positive results and CEVCO plans to continue to participate in additional drilling opportunities.

The Columbia Pipeline Group Operations subsidiaries are also involved in the other joint ventures, Millennium and Hardy Storage, which effectively expand their facilities and throughput. Millennium, which includes 253 miles of 30-inch-diameter pipe across New York's Southern Tier and lower Hudson Valley, has the capability to transport natural gas to markets along its route, as well as to the New York City markets through its pipeline interconnections. Millennium is jointly owned by affiliates of NiSource, DTE Energy and National Grid. Hardy Storage, which consists of underground natural gas storage facilities in West Virginia, has a working storage capacity of 12 Bcf and the ability to deliver 176,000 Dth/d of natural gas. Hardy Storage is jointly owned by affiliates of Columbia Transmission and Piedmont.

Electric Operations

NiSource generates, transmits and distributes electricity through its subsidiary NIPSCO to approximately 461,000 customers in 20 counties in the northern part of Indiana and engages in wholesale and transmission transactions. NIPSCO owns and operates three coal-fired electric generating stations. The three operating facilities have a net capability of 2,540 mw. NIPSCO also owns and operates Sugar Creek, a CCGT plant with net capacity of 535 mw, three gas-fired generating units located at NIPSCO's coal-fired electric generating stations with a net capability of 196 mw and two hydroelectric generating plants with a net capability of 10 mw. These facilities provide for a total system operating net capability of 3,281 mw. NIPSCO's transmission system, with voltages from 69,000 to 345,000 volts, consists of 2,802 circuit miles. NIPSCO is interconnected with five neighboring electric utilities. During the year ended December 31, 2014, NIPSCO generated 77.3% and purchased 22.7% of its electric requirements.

NIPSCO participates in the MISO transmission service and wholesale energy market. The MISO is a nonprofit organization created in compliance with FERC regulations to improve the flow of electricity in the regional marketplace and to enhance electric reliability. Additionally, the MISO is responsible for managing the energy markets, managing transmission constraints, managing the day-ahead, real-time and FTR markets and managing the ancillary market. NIPSCO transferred functional control of its electric transmission assets to the MISO and transmission service for NIPSCO occurs under the MISO Open Access Transmission Tariff.

Divestiture of Non-Core Assets

In recent years, NiSource sold certain businesses judged to be non-core to NiSource's strategy. Lake Erie Land, a wholly-owned subsidiary of NiSource, is pursuing the sale of the real estate assets it owns. NDC Douglas Properties, a subsidiary of NiSource Development Company, is in the process of exiting its low income housing investments. NiSource sold the service plan and leasing business lines of its Retail Services business in January 2013. NiSource also sold the commercial and industrial natural gas portfolio of its unregulated natural gas marketing business in September 2013.

Business Strategy

NiSource focuses its business strategy on its core, rate-regulated asset-based businesses with most of its operating income generated from the rate-regulated businesses. With one of the nation's largest natural gas pipelines, one of the largest natural gas distribution networks, as measured by number of customers, and one of the nation's largest natural gas storage networks, NiSource operates throughout the energy-intensive corridor that extends from the supply areas in the Gulf Coast through the consumption centers in

the Midwest, Mid-Atlantic, New England and Northeast. This corridor includes over 30% of the nation's population and close to 31% of its natural gas consumption. NiSource continues to position its assets to meet the corridor's growing energy needs.

Competition and Changes in the Regulatory Environment

The regulatory frameworks applicable to NiSource's operations, at both the state and federal levels, continue to evolve. These changes have had and will continue to have an impact on NiSource's operations, structure and profitability. Management continually seeks new ways to be more competitive and profitable in this changing environment, including providing gas customers with increased choices for products and services.

Natural Gas Competition . Open access to natural gas supplies over interstate pipelines and the deregulation of the commodity price of gas has led to tremendous change in the energy markets. LDC customers and marketers purchase gas directly from producers and marketers as an open, competitive market for gas supplies has emerged. This separation or "unbundling" of the transportation and other services offered by pipelines and LDCs allows customers to purchase the commodity independent of services provided by the pipelines and LDCs. The LDCs continue to purchase gas and recover the associated costs from their customers. NiSource's Gas Distribution Operations' subsidiaries are involved in programs that provide customers the opportunity to purchase their natural gas requirements from third parties and use the NiSource Gas Distribution Operations' subsidiaries for transportation services. The Columbia Pipeline Group Operations compete for transportation customers based on the type of service a customer needs, operating flexibility, available capacity and price under tariff provisions.

Electric Competition . Indiana electric utilities generally have exclusive service areas under Indiana regulations and retail electric customers in Indiana do not have the ability to choose their electric supplier. NIPSCO faces non-utility competition from other energy sources, such as self-generation by large industrial customers and other distributed energy sources.

Financing Subsidiary

NiSource Finance is a 100% owned, consolidated finance subsidiary of NiSource that engages in financing activities to raise funds for the business operations of NiSource and its subsidiaries. NiSource Finance was incorporated in March 2000 under the laws of the state of Indiana. Prior to 2000, the function of NiSource Finance was performed by Capital Markets. NiSource Finance obligations are fully and unconditionally guaranteed by NiSource.

Other Relevant Business Information

NiSource's customer base is broadly diversified, with no single customer accounting for a significant portion of revenues.

As of December 31, 2014, NiSource had 8,982 employees of whom 3,323 were subject to collective bargaining agreements.

For a listing of certain subsidiaries of NiSource refer to Exhibit 21.

NiSource electronically files various reports with the Securities and Exchange Commission (SEC), including annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to such reports. The public may read and copy any materials that NiSource files with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC also maintains an Internet site that contains reports and information statements, and other information regarding issuers that file electronically with the SEC at *http://www.sec.gov* . NiSource makes all SEC filings available without charge to the public on its web site at *http://www.nisource.com* .

ITEM 1A. RISK FACTORS

N I S OURCE I NC .

There are many factors that could have a material adverse effect on NiSource's operating results, financial condition and cash flows. Each of the risks described below could adversely impact the value of NiSource's securities.

NiSource has substantial indebtedness which could adversely affect its financial condition.

NiSource had total consolidated indebtedness of $9,999.4 million outstanding as of December 31, 2014. The substantial indebtedness could have important consequences to investors. For example, it could:

- limit the 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 flexibility in planning for, or reacting to, changes in the business and the industries in which the Company 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.

The announcement of the Proposed Separation on September 28, 2014 triggered ratings reviews by Standard & Poor's ("Standard & Poor's"), Moody's Investors Service ("Moody's"), and Fitch Ratings Inc. ("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 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 $39.3 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. A credit downgrade could also adversely affect the availability and cost of capital needed to fund the growth investments that are a central element of NiSource's long-term business strategy.

These requirements, combined with other potential negative effects on NiSource's liquidity in the event of a credit downgrade below an investment grade rating, could have a material adverse effect on earnings potential and cash flows. Lastly, a credit downgrade could adversely affect the availability and cost of capital needed to fund the growth investments which are a central element of the Company's long-term business strategy.

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 commercial and regulatory initiatives may not achieve planned results; levels of commercial growth and expansion of the gas transmission and storage business may be less than its plan has anticipated; natural gas production activity, including production facilitated by hydraulic fracturing and horizontal drilling, could be less than anticipated, which could adversely affect NiSource's gas transmission, storage and midstream business expansion opportunities; and, therefore, the actual results of

ITEM 1A. RISK FACTORS

NISOURCE INC.

NiSource's financial management of the balance sheet, and process and expense management, could deviate materially from planned outcomes. 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 Consolidated Financial Statements 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 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, have shown to be 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 has shown to be 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 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.

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 and its 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 December 31, 2014, the ratio was 62% .

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 generation, transmission and distribution of electricity involve numerous risks that may result in accidents and other operating risks and costs.

NiSource's gas distribution and 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.

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 transmission, storage or 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, or (iii) impact NiSource's ability to manage NiSource's businesses.

NiSource's capital projects subject it to construction risks and natural gas costs and supply risks.

NiSource's Columbia Pipeline Group Operations continues to complete and advance customer-driven expansion projects across its system and develop its midstream business through gathering and processing activities, primarily surrounding the Marcellus and Utica shale production area in the states of Pennsylvania, Ohio and West Virginia. Additionally, NiSource is executing on its comprehensive interstate natural gas pipeline modernization program. These modernization projects include constructing or replacing pipelines and other facilities, which subjects NiSource to construction risks and risks that gas supplies may not be available. Some expansion projects may also be subject to risks related to fluctuation in construction and gas costs. Both modernization and expansion projects are reliant on the contractual performance of vendors and suppliers of materials and supplies and services. Nonperformance or underperformance could subject NiSource to increased costs. Further, NiSource is subject to regulatory approval of various projects. Delays in this process could increase costs of the projects.

NiSource competes for these projects with companies of varying size and financial capabilities, including some that may have advantages competing for natural gas and liquid gas supplies, as well as acquisitions and other business opportunities. Similarly, NiSource Gas Distribution Operations 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, 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 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.

ITEM 1A. RISK FACTORS

NISOURCE INC.

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.

Growing competition in the gas transportation and storage industries could result in the failure by customers to renew existing contracts.

As a consequence of the increase in competition and the shift in natural gas production areas, customers such as LDCs and other end users, may be reluctant to enter into long-term service contracts. The renewal or replacement of existing contracts with NiSource's customers at rates sufficient to maintain current or projected revenues and cash flows depends on a number of factors beyond its control, including competition from other pipelines, gatherers, the proximity of supplies to the markets, and the price of, and demand for, natural gas. The inability of NiSource to renew, or replace its current contracts as they expire and respond appropriately to changing market conditions could materially impact its financial results and cash flows.

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 Proposed Separation, all of the entities that make up NiSource's Columbia Pipeline Group Operations will be separated from NiSource into a separately publicly traded company. The related assets will no longer be held by subsidiaries of NiSource, which may negatively affect NiSource's ability to service its debt obligations or pay dividends.

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 stockholders 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 having fewer assets, 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 stockholders' 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 stockholders 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 stockholders could incur significant U.S. federal income tax liabilities if taxing authorities conclude the distribution is taxable.

ITEM 1A. RISK FACTORS

NISOURCE INC.

Following the Proposed Separation, both NiSource and CPG expect to initially receive an investment grade credit rating from Standard & Poor's Rating Service, Moody's Investor Service and Fitch Ratings Inc. (Ratings from credit agencies are not recommendations to buy, sell or hold our securities, and each rating should be evaluated independently of any other rating.) We may not initially receive such ratings or, if received, our credit ratings could be lowered or withdrawn entirely by a rating agency if, in its judgment, the circumstances warrant. There is no assurance that we will continue to maintain such investment grade credit ratings in the future. If a rating agency were to downgrade our rating below investment grade, our 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. See "A drop in NiSource's credit rating could adversely impact NiSource's liquidity" above.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

NISOURCE INC.

Discussed below are the principal properties held by NiSource and its subsidiaries as of December 31, 2014.

Gas Distribution Operations. NiSource's Gas Distribution Operations subsidiaries own and operate a total of 58,414 miles of pipelines and certain related facilities. This includes: (i) for the six distribution companies of its Columbia system, 40,726 miles of pipelines, 1,350 reservoir acres of underground storage, eight storage wells, liquid propane facilities with a capacity of 2.6 million gallons, LNG facilities with a total capacity of 22.3 million gallons and one compressor station with 775 hp of installed capacity, and (ii) for its NIPSCO system, 17,688 miles of pipelines, 27,129 reservoir acres of underground storage, 55 storage wells, one compressor station with a total of 4,000 hp of installed capacity and two LNG facilities with a storage capacity of 53.6 million gallons. The physical properties of the NiSource gas utilities are located throughout Ohio, Indiana, Pennsylvania, Virginia, Kentucky, Maryland, and Massachusetts.

Columbia Pipeline Group Operations. Columbia Pipeline Group subsidiaries own and operate 15,121 miles of natural gas transmission pipeline. Columbia Transmission owns and leases approximately 819,470 acres of underground storage, 3,436 storage wells, 11,395 miles of pipeline and 89 compressor stations with 635,371 hp of installed capacity. Columbia Transmission's operations are located in Delaware, Kentucky, Maryland, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Virginia, and West Virginia. Columbia Gulf has 3,341 miles of transmission pipeline and 11 compressor stations with 470,238 hp of installed capacity. Columbia Gulf's operations are located in Kentucky, Louisiana, Mississippi, Tennessee, Texas and Wyoming. Crossroads Pipeline has 202 miles of transmission pipeline and one compressor station with 3,000 hp of installed capacity. Crossroads Pipeline's operations are located in Indiana and Ohio. Columbia Midstream owns 103 miles of gathering pipeline and one compressor station with 6,800 hp of installed capacity. CEVCO owns production rights associated with Columbia Transmission's storage fields located in Ohio, Pennsylvania, and West Virginia. Columbia Pipeline Group Operations' offices are headquartered in Houston, Texas.

Electric Operations. NiSource generates, transmits and distributes electricity through its subsidiary NIPSCO to approximately 461,000 customers in 20 counties in the northern part of Indiana and engages in wholesale and transmission transactions. NIPSCO operates three coal-fired electric generating stations. The three operating facilities have a net capability of 2,540 mw. NIPSCO also owns and operates Sugar Creek, a CCGT plant with a 535 mw capacity rating, three gas-fired generating units located at NIPSCO's coal-fired electric generating stations with a net capability of 196 mw and two hydroelectric generating plants with a net capability of 10 mw. These facilities provide for a total system operating net capability of 3,281 mw. NIPSCO's transmission system, with voltages from 69,000 to 345,000 volts, consists of 2,802 circuit miles. NIPSCO is interconnected with five neighboring electric utilities. During the year ended December 31, 2014, NIPSCO generated 77.3% and purchased 22.7% of its electric requirements.

Corporate and Other Operations. NiSource owns the Southlake Complex, its 325,000 square foot headquarters building located in Merrillville, Indiana, and other residential and development property.

Character of Ownership. The principal offices and properties of NiSource and its subsidiaries are owned free from encumbrances, subject to minor exceptions, none of which are of such a nature as to impair substantially the usefulness of such properties. Many of the offices in various communities served are occupied by subsidiaries of NiSource under leases. All properties are subject to routine liens for taxes, assessments and undetermined charges (if any) incidental to construction. It is NiSource's practice regularly to pay such amounts, as and when due, unless contested in good faith. In general, the electric lines, gas pipelines and related facilities are located on land not owned by NiSource and its subsidiaries, but are covered by necessary consents of various governmental authorities or by appropriate rights obtained from owners of private property. NiSource does not, however, generally have specific easements from the owners of the property adjacent to public highways over, upon or under which its electric lines and gas distribution pipelines are located. At the time each of the principal properties was purchased a title search was made. In general, no examination of titles as to rights-of-way for electric lines, gas pipelines or related facilities was made, other than examination, in certain cases, to verify the grantors' ownership and the lien status thereof.

ITEM 3. LEGAL PROCEEDINGS

NISOURCE INC.

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

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SUPPLEMENTAL ITEM. EXECUTIVE OFFICERS OF THE REGISTRANT

NISOURCE INC.

The following is a list of the Executive Officers of the Registrant, including their names, ages and offices held, as of February 1, 2015.

Name	Age	Office(s) Held in Past 5 Years
Robert C. Skaggs, Jr.	60	Chief Executive Officer of NiSource since July 2005.
		President of NiSource since October 2004.
Carrie J. Hightman	57	Executive Vice President and Chief Legal Officer of NiSource since December 2007.
Stephen P. Smith	53	Executive Vice President and Chief Financial Officer of NiSource since August 2008.
Jim L. Stanley	59	Executive Vice President and Group Chief Executive Officer of NiSource since October 2012.
		Senior Vice President, Duke Energy from June 2010 to September 2012.
		President, Duke Energy Indiana from November 2006 to May 2010.
Joseph Hamrock	51	Executive Vice President and Group Chief Executive Officer of NiSource since May 2012.
		President and Chief Operating Officer, American Electric Power Company - Ohio from 2008 to May 2012.
Robert D. Campbell	55	Senior Vice President, Human Resources, of NiSource since May 2006.
Glen L. Kettering	60	Executive Vice President and Group Chief Executive Officer of NiSource since April 2014.
		Senior Vice President, Corporate Affairs, of NiSource from March 2006 to April 2014.
Joseph W. Mulpas	43	Vice President and Chief Accounting Officer of NiSource since May 2014.
		Assistant Controller, FirstEnergy Corp from November 2012 to April 2014.
		Vice President, Controller and Chief Accounting Officer, Maxum Petroleum Inc. from August 2012 to October 2012.
		Vice President and Chief Accounting Officer, DPL and the Dayton Power and Light Company from May 2009 to June 2012.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

NISOURCE INC.

NiSource's common stock is listed and traded on the New York Stock Exchange under the symbol "NI." The table below indicates the high and low sales prices of NiSource's common stock, on the composite tape, during the periods indicated.

	2014		2013	
	High	**Low**	High	Low
First Quarter	**36.82**	**32.11**	29.38	24.85
Second Quarter	**39.69**	**34.36**	31.39	27.11
Third Quarter	**41.70**	**36.00**	31.48	28.27
Fourth Quarter	**44.91**	**37.58**	33.48	30.09

As of December 31, 2014 , NiSource had 25,233 common stockholders of record and 316,037,421 shares outstanding.

Holders of shares of NiSource's common stock are entitled to receive dividends when, as and if declared by NiSource's Board out of funds legally available. The policy of the Board has been to declare cash dividends on a quarterly basis payable on or about the 20th day of February, May, August and November. NiSource paid quarterly common dividends totaling $1.02, $0.98 and $0.94 per share for the years ended December 31, 2014, 2013 and 2012, respectively. At its January 30, 2015 meeting, the Board declared a quarterly common dividend of $0.26 per share, payable on February 20, 2015 to holders of record on February 9, 2015.

Although the Board currently intends to continue the payment of regular quarterly cash dividends on common shares, the timing and amount of future dividends will depend on the earnings of NiSource's subsidiaries, their financial condition, cash requirements, regulatory restrictions, any restrictions in financing agreements and other factors deemed relevant by the Board.

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ITEM 6. SELECTED FINANCIAL DATA

NISOURCE INC.

The selected data presented below as of and for the years ended December 31, 2014 , 2013 , 2012 , 2011 and 2010 are derived from the Consolidated Financial Statements of NiSource. The data should be read in connection with the Consolidated Financial Statements including the related notes included in Item 8 of this Form 10-K.

Year Ended December 31, (*dollars in millions except per share data*)	2014	2013	2012	2011	2010
Statement of Income Data:					
Gross Revenues					
Gas Distribution	$ 2,597.8	$ 2,226.3	$ 1,959.8	$ 2,917.9	$ 3,094.0
Gas Transportation and Storage	1,872.7	1,643.2	1,462.4	1,354.6	1,261.4
Electric	1,672.0	1,563.4	1,507.7	1,427.7	1,379.3
Other	328.1	224.4	101.0	50.8	51.2
Total Gross Revenues	6,470.6	5,657.3	5,030.9	5,751.0	5,785.9
Net Revenues (Gross Revenues less Cost of Sales, excluding depreciation and amortization)	4,246.4	3,841.8	3,514.0	3,447.5	3,406.2
Operating Income	1,262.4	1,143.4	1,040.1	914.4	899.0
Income from Continuing Operations	530.7	490.9	408.8	309.6	281.0
Results from Discontinued Operations - net of taxes	(0.7)	41.2	7.3	(10.5)	1.6
Net Income	530.0	532.1	416.1	299.1	282.6
Balance Sheet Data:					
Total Assets	24,866.3	22,653.9	21,844.7	20,708.3	19,913.4
Capitalization					
Common stockholders' equity	6,175.3	5,886.6	5,554.3	4,997.3	4,897.5
Long-term debt, excluding amounts due within one year	8,155.9	7,593.2	6,819.1	6,267.1	5,936.1
Total Capitalization	$ 14,331.2	$ 13,479.8	$ 12,373.4	$ 11,264.4	$ 10,833.6
Per Share Data:					
Basic Earnings (Loss) Per Share ($)					
Continuing operations	$ 1.68	$ 1.57	$ 1.40	$ 1.10	$ 1.01
Discontinued operations	—	0.13	0.03	(0.04)	0.01
Basic Earnings Per Share	$ 1.68	$ 1.70	$ 1.43	$ 1.06	$ 1.02
Diluted Earnings (Loss) Per Share ($)					
Continuing operations	$ 1.67	$ 1.57	$ 1.36	$ 1.07	$ 1.00
Discontinued operations	—	0.13	0.03	(0.04)	0.01
Diluted Earnings Per Share	$ 1.67	$ 1.70	$ 1.39	$ 1.03	$ 1.01
Other Data:					
Dividends paid per share ($)	$ 1.02	$ 0.98	$ 0.94	$ 0.92	$ 0.92
Shares outstanding at the end of the year (in thousands)	316,037	313,676	310,281	281,854	278,855
Number of common stockholders	25,233	26,965	28,823	30,663	32,313
Capital expenditures ($ in millions)	$ 2,183.5	$ 2,046.0	$ 1,585.1	$ 1,125.2	$ 803.8
Number of employees	8,982	8,477	8,286	7,957	7,604

- During 2012, NiSource began marketing to sell the service plan and leasing business lines of its Retail Services business. As of December 31, 2012, the assets and liabilities of the business lines met the criteria to be classified as held for sale in accordance with GAAP. Additionally, the results of operations and cash flows are classified as discontinued operations for all periods presented. The sale of the business lines closed in January 2013 resulting in an after tax gain on disposition of $36.4 million for the year ended December 31, 2013.

- Effective June 1, 2012, NiSource received approval from the FERC to implement a new surcharge to recover the costs of certain operational purchases and sales of natural gas required to ensure a sufficient amount of flowing supply into Columbia Transmission's system in northern Ohio in order to both meet its firm service obligations to customers and its storage operational requirements. Net revenues associated with this service, recorded in other revenue and offset in expense, were $249.6 million, $170.5 million and $53.6 million for 2014, 2013 and 2012, respectively.

ITEM 6. SELECTED FINANCIAL DATA

NISOURCE INC.

- On September 4, 2012, Columbia Transmission filed a customer settlement with the FERC in support of its comprehensive pipeline modernization program, which was approved on January 24, 2013. As a result of this settlement, Columbia Transmission's 2012 gross revenues decreased $81.7 million, partially offset by a decrease in depreciation costs of $33.4 million.

- On February 14, 2012, Columbia of Ohio held its first standard choice offer auction which resulted in a retail price adjustment of $1.53 per Mcf. On February 14, 2012, the PUCO issued an entry that approved the results of the auction with the new retail price adjustment level effective April 1, 2012. As a result of the implementation of the standard choice offer, Columbia of Ohio reports lower gross revenues and lower cost of sales. There is no impact on net revenues.

- On November 14, 2011, NiSource Finance commenced a cash tender offer for up to $250.0 million aggregate principal amount of its outstanding 10.75% notes due 2016 and 6.15% notes due 2013. A condition of the offering was that all validly tendered 2016 notes would be accepted for purchase before any 2013 notes were accepted. On December 13, 2011, NiSource Finance announced that approximately $125.3 million aggregate principal amount of its outstanding 10.75% notes due 2016 were validly tendered and accepted for purchase. In addition, approximately $228.7 million aggregate principal amount of outstanding 6.15% notes due 2013 were validly tendered, of which $124.7 million were accepted for purchase. NiSource Finance recorded a $53.9 million loss on early extinguishment of long-term debt, primarily attributable to early redemption premiums and unamortized discounts and fees.

- On December 30, 2010, NiSource Finance finalized a cash tender offer for $273.1 million aggregate principal amount of its outstanding 10.75% notes due in 2016. As a result of this tender offer, NiSource Finance incurred $96.7 million in early redemption fees, primarily attributable to early redemption premiums and unamortized discounts and fees, which is recorded as a loss on the early extinguishment of long-term debt reducing income from continuing operations.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

NISOURCE INC.

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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 Annual Report on Form 10-K 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 Item 1A, "Risk Factors" of this report, many of which risks 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.

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.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

NISOURCE INC.

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 in mid-2015 or at all.

The Proposed 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 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.

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 who plans to reduce its net debt prior to the Proposed Separation.

On February 11, 2015, CPPL (the "Partnership") 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 $1,170.0 million of net proceeds for 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 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 most 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 twelve months ended December 31, 2014 , NiSource reported income from continuing operations of $530.7 million , or $1.68 per basic share, compared to $490.9 million , or $1.57 per basic share for the same period in 2013 .

Increases in income from continuing operations were due primarily to the following items:

- Regulatory and service programs at Gas Distribution Operations increased net revenues by $93.4 million primarily due to the impacts of the rate settlement in 2013 at Columbia of Pennsylvania, the rate case at 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 for more information.

- Net revenues at Columbia Pipeline Group Operations increased by $54.7 million due to increased demand margin revenue primarily as a result of growth projects placed in service and new firm contracts. Refer to the Columbia Pipeline Group Operations' segment discussion for further information on growth projects.

- The Company recognized higher gains of $27.2 million from the conveyance of mineral interests at Columbia Pipeline Group Operations. As of December 31, 2014, remaining gains of approximately $19.6 million recorded in "Deferred revenue" on the Consolidated Balance Sheets will be recognized in earnings upon performance of future obligations.

- Additional conveyances and increased third-party drilling activity resulted in an increase in mineral rights royalty revenue at Columbia Pipeline Group Operations of $22.6 million. The Company expects to invest approximately $20 million a year in its mineral rights positions.

- Net revenues increased by $21.9 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.

Increases in income from continuing operations were partially offset by the following items:

- Employee and administrative expense increased by $64.6 million due primarily to greater labor expense due to a growing workforce, timing of outages and maintenance and IT support and enhancement projects.

- Outside service costs increased by $49.7 million primarily due to costs associated with the Proposed Separation and Gas Distribution Operations' pipeline safety initiatives.

- Depreciation and amortization increased $28.2 million primarily as a result of higher capital expenditures related to projects placed in service. NiSource's capital expenditures were approximately $2.2 billion in 2014 and are projected to be approximately $2.4 billion 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."

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

Rate Development and Other Regulatory Matters . NiSource is moving forward with regulatory initiatives across several gas 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 has approval from the IURC to recover certain environmental related costs through an ECT. On October 29, 2014, the IURC issued an order on ECR-24 approving NIPSCO's request to begin earning a return on $658.4 million of net capital expenditures for the period ended June 30, 2014. On January 30, 2015, NIPSCO filed ECR-25 which included $734.0 million of net capital expenditures for the period ended December 31, 2014.

NIPSCO has approval from the IURC to recover certain electric costs for transmission and distribution system improvements. On February 17, 2014, the IURC issued an order approving NIPSCO's electric seven-year plan of eligible investments totaling approximately $1.1 billion. 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.

NIPSCO has approval from the IURC to recover certain gas costs for transmission, distribution and storage system improvements. On January 28, 2015, the IURC issued an order approving NIPSCO's gas TDSIC-1 and a revised gas TDSIC seven-year plan of eligible investments for a total of approximately $840 million with the IURC. The Order also approved $4.4 million of net capital expenditures for the period ended June 30, 2014 and granted ratemaking relief and accounting treatment.

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 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 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 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. The Notice of Intent states that Columbia of Ohio will file its application by February 28, 2015, in which it will request authority to increase revenues by approximately $31.8 million.

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 was 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's request for rate relief included the recovery of costs that were 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 September 5, 2014, the parties to the rate case filed a joint petition, seeking approval of a full settlement, including an increase to annual base revenues of $32.5 million. On November 12, 2014, the Pennsylvania PUC approved the settlement and new rates went into effect on December 20, 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 GAF as approved, subject to further review and reconciliation by the Massachusetts DPU, for the 2014-2015 Peak Period.

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 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 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 January 29, 2015, Columbia Transmission received FERC approval of its December 2014 filing to recover costs associated with the second year of its comprehensive system modernization program. Total program adjusted spend to date is $618.1 million. The program includes replacement of bare steel and wrought iron pipeline and compressor facilities, enhancements to system inspection capabilities and improvements in control systems.

Refer to Note 7, "Regulatory Matters," in the Notes to Consolidated Financial Statements for a complete discussion of regulatory matters.

Commercial Growth and Expansion of the Gas Transmission and Storage Business

During 2014, Columbia Pipeline Group Operations placed into service strategic growth projects, primarily serving the Utica and Marcellus Shale production area. Below is a discussion of these projects as well as projects that are currently ongoing.

Warren County Project. The Columbia Pipeline Group Operations segment recently completed construction of approximately 2.5 miles of new 24-inch pipeline and modifications to existing compressor stations for a total capital cost of approximately $37 million. This project has expanded the system in order to provide up to nearly 250,000 Dth/d of transportation capacity under a long-term, firm contract. The project commenced commercial operations in April 2014.

West Side Expansion (Columbia Transmission-Smithfield III) . This project is designed to provide a market outlet for increasing Marcellus supply originating from the Waynesburg, Pennsylvania and Smithfield, Pennsylvania areas on the Columbia Transmission system. The Columbia Pipeline Group Operations segment invested approximately $87 million in new pipeline and compression, which will provide up to 444,000 Dth/d of incremental, firm transport capacity and is supported by long-term, firm contracts. The project was placed in service during the fourth quarter of 2014.

West Side Expansion (Columbia Gulf-Bi-Directional). Under this project 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.

Giles County Project . The Columbia Pipeline Group Operations segment invested approximately $25 million for the construction of approximately 12.9 miles of 8-inch pipeline, which will provide 46,000 Dth/d of firm service to a third party located off its Line KA system and into Columbia of Virginia's system. The Columbia Pipeline Group Operations has secured a long-term firm contract for the full delivery volume and the project was placed in service in the fourth quarter of 2014.

Line 1570 Expansion. The Columbia Pipeline Group Operations segment replaced approximately 19 miles of existing 20-inch pipeline with a 24-inch pipeline and added compression at an approximate cost of $18 million. The project, which was placed in service during the fourth quarter of 2014, creates nearly 99,000 Dth/d of capacity and is supported by long-term, firm contracts.

In addition to the growth projects discussed above, Columbia Midstream continued to capitalize on NiSource's strategic position in the Marcellus and Utica shale production regions. Pennant invested in the construction of 20-24 inch wet gas gathering pipeline facilities with a capacity of approximately 500 MMcf/d. In addition, Pennant installed a gas processing facility in New Middletown, Ohio that has an initial capacity of 200 MMcf/d 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, Columbia Midstream is operating 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. Columbia 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.

Financial Management of the Balance Sheet

NiSource remains committed to maintaining its liquidity position through management of capital spending, working capital and operational requirements, and its financing needs. NiSource has executed on its plan by taking the following actions:

- On August 20, 2014, NiSource Finance negotiated a $ 750,000,000.0 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 $ 500,000,000.0 million of 5.40% senior unsecured notes at maturity. Contemporaneous with this redemption, $500,000,000.0 million of associated fixed-to-floating interest rate swaps expired.

Credit Ratings . 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 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.

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-K and the monitoring of the Company's internal control structure and performance. In addition, NiSource will continue its mandatory ethics training program in which employees at every level throughout the organization participate.

Refer to "Management's Report on Internal Control over Financial Reporting" included in Item 9A.

Results of Operations

Income from Continuing Operations and Net Income

For the year ended December 31, 2014 , NiSource reported income from continuing operations of $530.7 million , or $1.68 per basic share, compared to $490.9 million , or $1.57 per basic share in 2013 . Income from continuing operations for the year ended December 31, 2012 was $408.8 million , or $1.40 per basic share.

Including results from discontinued operations, NiSource reported 2014 net income of $530.0 million , or $1.68 per basic share, 2013 net income of $532.1 million , or $1.70 per basic share, and 2012 net income of $416.1 million , or $1.43 per basic share.

Comparability of line item operating results was 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 were offset by increases in net revenues and had essentially no impact on income from continuing operations. An increase in operating expenses of $137.3 million and $118.7 million for the years ended 2014 and 2013, respectively, were offset by a corresponding increase to net revenues reflecting these tracked costs.

Net Revenues

NiSource analyzes the operating results using net revenues. Net revenues are calculated as revenues less the associated cost of sales (excluding depreciation and amortization). NiSource believes net revenues is a better measure to analyze profitability than gross operating revenues since the majority of the cost of sales are tracked costs that are passed through directly to the customer resulting in an equal and offsetting amount reflected in gross operating revenues.

Total consolidated net revenues for the year ended December 31, 2014 , were $4,246.4 million , a $404.6 million increase compared with 2013 . Net revenues increased primarily due to increased Gas Distribution Operations' net revenues of $197.1 million, higher Columbia Pipeline Group Operations' net revenues of $167.5 million and increased Electric Operations' net revenues of $41.3 million.

- Gas Distribution Operations' net revenues increased primarily due to an increase of $93.4 million for regulatory and service programs, including the impacts of the rate settlement in 2013 at Columbia of Pennsylvania, the rate case at Columbia of Massachusetts, as well as the implementation of rates under Columbia of Ohio's approved infrastructure replacement program. Furthermore, there was an increase in regulatory and tax trackers, which are offset in expense, of $49.2 million and the effects of colder weather of $18.4 million. Additionally, there was higher commercial, residential and industrial usage of $14.6 million, an increase in large customer revenue of $6.5 million, higher revenue of $5.9 million due to increased customer count and an increase in off-system sales of $5.6 million. Also, there were higher net revenues from the recovery of storage inventory costs of $3.8 million and a settlement of $3.2 million at Columbia of Massachusetts in 2013. These increases were partially offset by a decrease of $5.6 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 $88.4 million and increased demand margin revenue of $54.7 million primarily as a result of growth projects placed in service and new firm contracts. Additionally, there was an increase in net revenues as a result of higher mineral rights royalty revenue of $22.6 million due to additional conveyances and increased third-party drilling activity.

- Electric Operations' net revenues increased primarily due to higher industrial usage of $21.9 million and an increase in the return on the environmental capital investment recovery of $19.8 million due to an increased plant balance eligible

for recovery. Additionally, there were increased net revenues of $5.9 million as a result of two electric transmission projects authorized by the MISO and higher off-system sales of $4.7 million. These increases were partially offset by a decrease in transmission upgrade revenue of $6.5 million included in net revenue in the prior year and the effects of weather of $5.3 million.

Total consolidated net revenues for the twelve months ended December 31, 2013 were $3,841.8 million , a $327.8 million increase compared with 2012 . Net revenues increased primarily due to increased Columbia Pipeline Group Operations' net revenues of $179.0 million, higher Gas Distribution Operations' net revenues of $140.3 million and increased Electric Operations' net revenues of $8.6 million.

- Columbia Pipeline Group Operations' net revenues increased primarily due to higher regulatory trackers, which are offset in expense, of $119.5 million, the current period impacts of the 2012 customer settlement at Columbia Transmission, which resulted in an increase in net revenues of $50.3 million, higher demand margin and commodity revenue of $11.9 million from new growth projects placed into service and increased mineral rights royalty revenue and condensate revenue of $7.0 million. These increases were partially offset by lower shorter term transportation services of $7.6 million.

- Gas Distribution Operations' net revenues increased primarily due to an increase of $53.8 million for regulatory and service programs, including the impact from the rate cases at Columbia of Pennsylvania and Columbia of Massachusetts and the implementation of rates under Columbia of Ohio's approved infrastructure replacement program, the effects of colder weather of $47.6 million, increased trackers, which are offset in expense, of $18.7 million, an increase in residential, commercial and industrial usage of $10.8 million, and higher revenue of $5.3 million due to an increase in residential and commercial customers.

- Electric Operations' net revenues increased primarily due to an increase in the return on environmental capital investment recovery of $28.9 million due to an increased plant balance eligible for recovery, higher industrial, commercial and residential margins of $17.5 million, transmission upgrade revenue of $6.2 million, increased off-system sales of $4.9 million, higher revenue of $2.2 million due to an increase in commercial and residential customers and an increase in a RTO recovery mechanism of $2.1 million, which is offset in expense. These increases were partially offset by lower environmental cost trackers, which are offset in expense, of $19.5 million, decreased revenue related to emission allowances of $11.9 million, the effects of colder weather of $10.0 million, a decrease of $6.6 million related to the final reconciliation of the revenue credit recorded in 2012 and higher fuel handling costs of $4.3 million.

Expenses

Operating expenses were $3,030.6 million in 2014 , an increase of $296.3 million from the comparable 2013 period. This increase was primarily due to an increase in operation and maintenance expenses of $262.4 million, higher depreciation and amortization of $28.2 million and increased other taxes of $19.7 million, partially offset by an increase in the gain on sale of assets of $14.0 million. The increase in operation and maintenance is due primarily to increased regulatory trackers, which are offset in net revenues, of $128.7 million, higher employee and administrative costs of $64.6 million due primarily to greater labor expense due to a growing workforce, timing of outages and maintenance and IT support and enhancement projects, increased outside services of $49.7 million primarily due to costs associated with the Proposed Separation and Gas Distribution Operations' pipeline safety initiatives, higher electric generation costs of $15.2 million as a result of maintenance related outages, increased materials and supplies of $7.5 million, higher uncollectibles of $6.6 million and an insurance reserve adjustment of $3.4 million. These increases were partially offset by lower software data conversion costs of $8.9 million and a decrease in environmental costs of $6.4 million. The increase in depreciation and amortization is primarily due to increased capital expenditures related to projects placed in service. The increase in gain on the sale of assets is primarily resulting from the increased gains on conveyance of mineral interests of $27.2 million, offset by the gain on the sale of storage base gas in 2013 of $11.1 million.

Operating expenses were $2,734.3 million in 2013 , an increase of $228.2 million from the comparable 2012 period. This increase was primarily due to an increase in operation and maintenance expenses of $213.6 million, higher depreciation and amortization of $15.4 million and increased other taxes of $12.9 million, partially offset by an increase in the gain on sale of assets of $13.7 million. The increase in operation and maintenance is due primarily to increased regulatory trackers, which are offset in net revenues, of $130.0 million, higher employee and administrative costs of $60.5 million due primarily to greater labor expense due to a growing workforce, timing of outages and maintenance and IT support and enhancement projects, increased outside services of $10.2 million, software data conversion costs of $8.9 million and a mark-to-market adjustment of corporate owned life insurance assets primarily in the prior year of $5.7 million. These increases were partially offset by lower electric generation costs of $13.1 million as a result of the timing of planned and unplanned outages. The increase in depreciation and amortization is primarily due

to increased capital expenditures related to projects placed in service. The increase in gain on the sale of assets is primarily from the sale of storage base gas of $11.1 million and conveyances of mineral rights of $7.3 million, both at Columbia Pipeline Group Operations.

Equity Earnings in Unconsolidated Affiliates

Equity Earnings in Unconsolidated Affiliates were $46.6 million in 2014 , an increase of $10.7 million compared with 2013 . Equity Earnings in Unconsolidated Affiliates includes investments in Millennium, Pennant, and Hardy Storage 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.

Equity Earnings in Unconsolidated Affiliates were $35.9 million in 2013 , an increase of $3.7 million compared with 2012 . Equity Earnings in Unconsolidated Affiliates includes investments in Millennium, Pennant, and Hardy Storage 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) in 2014 reduced income $421.3 million compared to a reduction of $390.6 million in 2013 . The increase in deductions is primarily due to an increase in interest expense of $28.8 million in 2014 compared to 2013. This increase is primarily attributable to the issuance of $500.0 million of long-term debt in October 2013, $750.0 million of long-term debt in April 2013 and the expiration of $500.0 million of fixed-to-variable 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 Income (Deductions) in 2013 reduced income $390.6 million compared to a reduction of $416.6 million in 2012 . The decrease in deductions is primarily due to an increase in Other, net of $22.5 million in 2013 compared to 2012. This increase is primarily attributable to a gain from insurance proceeds and AFUDC earnings. Interest expense of $414.8 million was recorded in 2013, a decrease of $3.5 million compared to the prior year. The decrease resulted from the maturity of $420.3 million of long-term debt in March 2013 and $315.0 million of long-term debt in November 2012, increased AFUDC rates and lower average short-term borrowings partially offset by higher interest expense from the issuance of $500.0 million of long-term debt in October 2013, $750.0 million of long-term debt in April 2013 and $750.0 million of long-term debt in June 2012.

Income Taxes

The effective income tax rates were 36.9% , 34.8% and 34.4% in 2014 , 2013 and 2012 , respectively. The 2.1% increase in the overall effective tax rate in 2014 versus 2013 was primarily the result of a $7.1 million increase due to Indiana state taxes, $5.5 million Pennsylvania regulatory changes, and $4.1 million additional deferred state income tax related to corporate restructuring. The change in the overall effective tax rate in 2013 versus 2012 was minimal. Refer to Note 9, "Income Taxes," in the Notes to Consolidated Financial Statements for further discussion of income taxes.

Discontinued Operations

Discontinued operations reflected net loss of $0.7 million in 2014 compared to net income of $6.3 million in 2013 and net income of $7.3 million in 2012 . The decrease in net income in 2014 compared to 2013 is primarily due to a prior year settlement at NiSource's former exploration and production subsidiary, CER. A gain on the disposition of discontinued operations of $34.9 million was recorded in 2013 as a result of a gain on the sale of the service plan and leasing business lines of NiSource's Retail Services business partially offset by a loss on the sale of NiSource's unregulated marketing 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, 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 year ended December 31, 2014 was $1,319.6 million , a decrease of $117.2 million from a year ago. The decrease in net cash from operating activities was primarily attributable to an income tax refund received in 2013.

Net cash from operating activities for the year ended December 31, 2013 was $1,436.8 million , an increase of $161.3 million from the prior year. The increase in net cash from operating activities was primarily due to an increase in working capital from income tax receivables of $255.9 million primarily due to a refund from the IRS received in 2013.

Pension and Other Postretirement Plan Funding . In 2014 , NiSource contributed $55.9 million to its pension plans and $35.1 million to its postretirement medical and life plans. In 2015 , NiSource expects to make contributions of approximately $3.5 million to its pension plans and approximately $34.8 million to its postretirement medical and life plans. At December 31, 2014 , NiSource's pension and other post-retirement benefit plans were underfunded by $421.1 million and $251.0 million , respectively.

Investing Activities

The tables below reflect actual capital expenditures and certain other investing activities by segment for 2012 , 2013 and 2014 , and estimates for 2015 .

(in millions)	2015E	**2014**	2013	2012
Gas Distribution Operations	$ 891.9	**$ 860.3**	$ 790.8	$ 649.4
Columbia Pipeline Group Operations	1,058.7	**843.9**	797.5	489.6
Electric Operations	391.3	**438.8**	426.3	422.8
Corporate and Other Operations	62.9	**40.5**	31.4	23.3
Total [(1)]	$ 2,404.8	**$ 2,183.5**	$ 2,046.0	$ 1,585.1

[(1)] Amounts differ from those presented on the Statements of Consolidated Cash Flows primarily due to the inclusion of capital expenditures included in current liabilities, contributions to equity method investees, and AFUDC Equity.

For 2015 , the projected capital program and certain other investing activities are expected to be $2,404.8 million , which is $221.3 million higher than the 2014 capital program. This increased spending is mainly due to increased spending in the Columbia Pipeline Group Operations segment due to an increase in system growth and equity investments as a result of the current profile of identified growth projects in 2015 partially offset by a decrease in the modernization and maintenance spend attributed to advanced spend for the modernization program in 2014.

For 2014 , the capital expenditures and certain other investing activities were $2,183.5 million , which is $137.5 million higher than the 2013 capital program. This increased spending is mainly due to continued spending on infrastructure replacement programs in the Gas Distribution Operations segment and increased spending in the Columbia Pipeline Group Operations segment due to system growth and equity investments in the Marcellus and Utica shale areas.

For 2013 , capital expenditures and certain other investing activities were $2,046.0 million , an increase of $460.9 million compared to 2012 . This increased spending is mainly due to higher expenditures for the modernization program and system growth and equity investments in the Marcellus and Utica Shale areas in the Columbia Pipeline Group Operations segment and increased spending in the Gas Distribution Operations segment due to increased spending on infrastructure replacement programs. Capital spending in the Electric Operations segment in 2013 was comparable to 2012 due to continued spending on the environmental tracker capital projects in the generation fleet.

Restricted cash was $24.9 million and $8.0 million as of December 31, 2014 and 2013 , respectively. The increase in restricted cash was primarily a result of higher margin requirements due to open derivative contracts.

NiSource received insurance proceeds for capital repairs of $11.3 million , $6.4 million and $6.5 million in 2014 , 2013 and 2012 , respectively.

Contributions to equity investees were $69.2 million , $125.4 million , and $20.4 million for 2014 , 2013 and 2012 , respectively. The $56.2 million decrease in 2014 was primarily the result of lower contributions made by Columbia Midstream to Pennant. The increase in 2013 was the result of higher contributions by Columbia 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

Long-term Debt. Refer to Note 14, "Long-Term Debt," in the Notes to Consolidated Financial Statements for information on long-term debt.

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 extend 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 December 31, 2014 NiSource has deferred $8.7 million of debt issuance costs related to the credit facility revision.

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. Additionally, $50 million will be available for issuance of letters of credit.

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 $500.0 million borrowings outstanding under its revolving credit facility at December 31, 2014 at a weighted average interest rate of 1.44% and no borrowings at December 31, 2013 . In addition, NiSource Finance had $792.6 million in commercial paper outstanding at December 31, 2014 , at a weighted average interest rate of 0.82% and $433.6 million in commercial paper outstanding at December 31, 2013 , at a weighted average interest rate of 0.70% .

As of December 31, 2014 and December 31, 2013 , NiSource had $284.3 million and $265.1 million , respectively, of short-term borrowings recorded on the Consolidated Balance Sheets relating to its accounts receivable securitization facilities. See Note 17, "Transfers of Financial Assets" in the Notes to Consolidated Financial Statements.

As of 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. 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 December 31, 2014 , an aggregate of $692.7 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 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 December 31, 2014 , the ratio was 62% .

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.

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 17, "Transfers of Financial Assets," in the Notes to Consolidated Financial Statements for information on the sale of trade 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 . The announcement of the Proposed Separation on September 28, 2014 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 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 $39.3 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.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

NISOURCE INC.

Contractual Obligations . NiSource has certain contractual obligations requiring payments at specified periods. The obligations include long-term debt, lease obligations, energy commodity contracts and service obligations for various services including pipeline capacity and IBM outsourcing. The total contractual obligations in existence at December 31, 2014 and their maturities were:

(in millions)	Total	2015	2016	2017	2018	2019	After
Long-term debt [1]	$ 8,282.0	$ 230.0	$ 746.5	$ 1,339.5	$ 800.0	$ 541.0	$ 4,625.0
Capital leases [2]	286.2	48.6	20.1	19.4	19.2	19.1	159.8
Interest payments on long-term debt	5,524.3	433.0	407.2	377.8	315.2	271.4	3,719.7
Operating leases [3]	111.0	22.7	15.4	15.4	12.8	10.9	33.8
Energy commodity contracts	576.2	190.1	103.2	76.0	67.5	68.6	70.8
Service obligations:							
Pipeline service obligations	1,398.3	260.8	234.1	214.5	165.1	128.3	395.5
IBM service obligations	570.2	100.8	100.8	96.4	92.4	90.4	89.4
Other service obligations	180.8	66.0	59.1	55.2	0.5	—	—
Other liabilities	38.3	38.3	—	—	—	—	—
Total contractual obligations	$ 16,967.3	$ 1,390.3	$ 1,686.4	$ 2,194.2	$ 1,472.7	$ 1,129.7	$ 9,094.0

[1] Long-term debt balance excludes unamortized discounts of $49.9 million and non-recourse debt of $2.1 million related to NDC Douglas Properties.

[2] Capital lease payments shown above are inclusive of interest totaling $97.9 million.

[3] Operating lease balances do not include amounts for fleet leases that can be renewed beyond the initial lease term. The Company anticipates renewing the leases beyond the initial term, but the anticipated payments associated with the renewals do not meet the definition of expected minimum lease payments and therefore are not included above. Expected payments are $32.7 million in 2015, $32.8 million in 2016, $27.8 million in 2017, $22.0 million in 2018, $13.8 million in 2019 and $9.3 million thereafter.

NiSource calculated estimated interest payments for long-term debt as follows: for the fixed-rate debt, interest is calculated based on the stated coupon and payment dates; for variable-rate debt, interest rates are used that are in place as of December 31, 2014 . For 2015 , NiSource projects that it will be required to make interest payments of approximately $449.1 million, which includes $433.0 million of interest payments related to its long-term debt outstanding as of December 31, 2014 . At December 31, 2014 , NiSource also had $1,576.9 million in short-term borrowings outstanding.

NiSource Corporate Services has a license agreement with Rational Systems, LLC for pipeline business software requiring a payment of $25.6 million in 2015 which is recorded as a capital lease.

NiSource's subsidiaries have entered into various energy commodity contracts to purchase physical quantities of natural gas, electricity and coal. These amounts represent the minimum quantities of these commodities NiSource is obligated to purchase at both fixed and variable prices.

In July 2008, the IURC issued an order approving NIPSCO's purchase power agreements with subsidiaries of Iberdrola Renewables, Buffalo Ridge I LLC and Barton Windpower LLC. These agreements provide NIPSCO the opportunity and obligation to purchase up to 100 mw of wind power generated commencing in early 2009. The contracts extend 15 and 20 years, representing 50 mw of wind power each. No minimum quantities are specified within these agreements due to the variability of electricity generation from wind, so no amounts related to these contracts are included in the table above. Upon any termination of the agreements by NIPSCO for any reason (other than material breach by Buffalo Ridge I LLC or Barton Windpower LLC), NIPSCO may be required to pay a termination charge that could be material depending on the events giving rise to termination and the timing of the termination. NIPSCO began purchasing wind power in April 2009.

NiSource has pipeline service agreements that provide for pipeline capacity, transportation and storage services. These agreements, which have expiration dates ranging from 2015 to 2045, require NiSource to pay fixed monthly charges.

On December 31, 2013, NiSource Corporate Services signed a seven year agreement with IBM to continue to provide business process and support functions to NiSource under a combination of fixed or variable charges, with the variable charges fluctuating based on the actual need for such services. The agreement was effective January 1, 2014 with a commencement date of April 1, 2014 and includes some targeted service enhancements as well as continued existing IT support services and a few additional support services. Under the agreement, at December 31, 2014, NiSource Corporate Services expects to pay approximately $570.2 million to IBM in service and project fees as shown in the table above. Upon any termination of the agreement by NiSource for

any reason (other than material breach by IBM), NiSource may be required to pay IBM a termination charge that could include a breakage fee, repayment of IBM's capital investments not yet recovered and IBM's wind-down expenses. This termination fee could be material depending on the events giving rise to the termination and the timing of the termination.

NIPSCO has contracts with three major rail operators providing for coal transportation services for which there are certain minimum payments. These service contracts extend for various periods through 2018 and are included within "Other service obligations" in the table of contractual obligations.

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. Services under this contract commenced on July 1, 1992 and expired on June 30, 2012. The agreement was renewed effective July 1, 2012 for ten years and NIPSCO will continue to pay for the services under a combination of fixed and variable charges. In accordance with GAAP, the renewed agreement was evaluated to determine whether the arrangement qualified as a lease. Based on the terms of the agreement, the arrangement qualified for capital lease accounting. As the effective date of the new agreement was July 1, 2012, NiSource capitalized this lease beginning in the third quarter of 2012. Future payments for this capital lease are included within "Capital leases" in the table of contractual obligations.

NiSource's expected payments included within "Other liabilities" in the table of contractual commitments above contains employer contributions to pension and other postretirement benefits plans expected to be made in 2015. Plan contributions beyond 2015 are dependent upon a number of factors, including actual returns on plan assets, which cannot be reliably estimated at this time. In 2015, NiSource expects to make contributions of approximately $3.5 million to its pension plans and approximately $34.8 million to its postretirement medical and life plans. Refer to Note 10, "Pension and Other Postretirement Benefits," in the Notes to Consolidated Financial Statements for more information.

Not included in the table above are $24.2 million of estimated federal and state income tax liabilities, including interest. If or when such amounts may be settled is uncertain and cannot be estimated at this time. Refer to Note 9, "Income Taxes," in the Notes to Consolidated Financial Statements for more information.

NiSource cannot reasonably estimate the settlement amounts or timing of cash flows related to long-term obligations classified as "Other Liabilities and Deferred Credits" on the Consolidated Balance Sheets, other than those described above.

NiSource also has obligations associated with income, property, gross receipts, franchise, payroll, sales and use, and various other taxes and expects to make tax payments of approximately $351.1 million in 2015, which are not included in the table above.

Off Balance Sheet Items

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 sale 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 Consolidated Balance Sheets. 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 18-A, "Guarantees and Indemnities," in the Notes to Consolidated Financial Statements for additional information about NiSource's off balance sheet arrangements.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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 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.

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 price risk assets or liabilities as of December 31, 2014 and 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 loan, 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 $20.0 million and $14.2 million for the years 2014 and 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 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 16, "Fair Value," in the Notes to the Consolidated Financial Statements for additional information on NiSource's fair value measurements.

Other Information

Critical Accounting Policies

NiSource applies certain accounting policies based on the accounting requirements discussed below that have had, and may continue to have, significant impacts on NiSource's results of operations and Consolidated Balance Sheets.

Basis of Accounting for Rate-Regulated Subsidiaries. ASC Topic 980, *Regulated Operations* , provides that rate-regulated subsidiaries account for and report assets and liabilities consistent with the economic effect of the way in which regulators establish rates, if the rates established are designed to recover the costs of providing the regulated service and if the competitive environment makes it probable that such rates can be charged and collected. Certain expenses and credits subject to utility regulation or rate determination normally reflected in income are deferred on the Consolidated Balance Sheets and are recognized in income as the related amounts are included in service rates and recovered from or refunded to customers. The total amounts of regulatory assets and liabilities reflected on the Consolidated Balance Sheets were $1,889.9 million and $1,736.2 million at December 31, 2014 , and $1,665.0 million and $1,730.0 million at December 31, 2013 , respectively. For additional information, refer to Note 7, "Regulatory Matters," in the Notes to Consolidated Financial Statements.

In the event that regulation significantly changes the opportunity for NiSource to recover its costs in the future, all or a portion of NiSource's regulated operations may no longer meet the criteria for the application of ASC Topic 980, *Regulated Operations* . In such event, a write-down of all or a portion of NiSource's existing regulatory assets and liabilities could result. If transition cost recovery is approved by the appropriate regulatory bodies that would meet the requirements under GAAP for continued accounting as regulatory assets and liabilities during such recovery period, the regulatory assets and liabilities would be reported at the recoverable amounts. If unable to continue to apply the provisions of ASC Topic 980, *Regulated Operations* , NiSource would be required to apply the provisions of ASC Topic 980-20, *Discontinuation of Rate-Regulated Accounting* . In management's opinion, NiSource's regulated subsidiaries will be subject to ASC Topic 980, *Regulated Operations* for the foreseeable future.

Certain of the regulatory assets reflected on NiSource's Consolidated Balance Sheets require specific regulatory action in order to be included in future service rates. Although recovery of these amounts is not guaranteed, NiSource believes that these costs meet the requirements for deferral as regulatory assets. Regulatory assets requiring specific regulatory action amounted to $183.9 million at December 31, 2014 . If NiSource determined that the amounts included as regulatory assets were not recoverable, a charge to income would immediately be required to the extent of the unrecoverable amounts.

Pensions and Postretirement Benefits. NiSource has defined benefit plans for both pensions and other postretirement benefits. The calculation of the net obligations and annual expense related to the plans requires a significant degree of judgment regarding the discount rates to be used in bringing the liabilities to present value, long-term returns on plan assets and employee longevity, among other assumptions. Due to the size of the plans and the long-term nature of the associated liabilities, changes in the

assumptions used in the actuarial estimates could have material impacts on the measurement of the net obligations and annual expense recognition. For further discussion of NiSource's pensions and other postretirement benefits, see Note 10, "Pension and Other Postretirement Benefits," in the Notes to Consolidated Financial Statements.

Goodwill. NiSource's goodwill assets at December 31, 2014 were $3,666.2 million , most of which resulted from the acquisition of Columbia on November 1, 2000. In addition, NIPSCO Gas Distribution Operations' goodwill assets at December 31, 2014 , related to the purchase of Northern Indiana Fuel and Light in March 1993 and Kokomo Gas in February 1992 were $17.8 million . As required, NiSource tests for impairment of goodwill on an annual basis and on an interim basis when events or circumstances indicate that a potential impairment may exist. NiSource's annual goodwill test takes place in the second quarter of each year and was most recently finalized as of May 1, 2014.

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 under the step 1 annual impairment test. A qualitative ("step 0") test was performed as of May 1, 2014 and 2013. NiSource assessed various assumptions, events and circumstances that would have affected the estimated fair value of the reporting units in its baseline May 1, 2012 test. 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 and no impairments are necessary.

Although there was no goodwill asset impairment as of May 1, 2014, an interim impairment test could be triggered by the following: actual earnings results that are materially lower than expected, significant adverse changes in the operating environment, an increase in the discount rate, changes in other key assumptions which require judgment and are forward looking in nature, or if NiSource's market capitalization stays below book value for an extended period of time. No impairment triggers were identified subsequent to May 1, 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 3, "Discontinued Operations and Assets and Liabilities Held for Sale" for more information.

Refer to Notes 1-J and 5, "Goodwill and Other Intangible Assets," in the Notes to Consolidated Financial Statements for additional information.

Revenue Recognition. Revenue is recorded as products and services are delivered. Utility revenues are billed to customers monthly on a cycle basis. Revenues are recorded on the accrual basis and include estimates for electricity and gas delivered but not billed. Refer to Note 1-L, "Revenue Recognition," in the Notes to Consolidated Financial Statements.

Recently Issued Accounting Pronouncements

Refer to Note 2, "Recent Accounting Pronouncements," in the Notes to Consolidated Financial Statements.

Environmental Matters

NiSource is subject to regulation by various federal, state and local authorities in the areas of air quality, water quality, control of toxic substances and hazardous and solid wastes, and other environmental matters. NiSource believes that it is in substantial compliance with those environmental regulations currently applicable to NiSource's business and operations. Refer to Note 18-D, "Environmental Matters," in the Notes to Consolidated Financial Statements for additional information regarding environmental matters.

Bargaining Unit Contract

As of December 31, 2014, NiSource had 8,982 employees of whom 3,323 were subject to collective bargaining agreements. Agreements were reached with the respective unions whose collective bargaining agreements were set to expire during 2014. Two additional collective bargaining contracts, covering approximately 100 employees, are set to expire during 2015.

RESULTS AND DISCUSSION OF SEGMENT OPERATIONS

Presentation of Segment Information

Operating segments are components of an enterprise for which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The NiSource Chief Executive Officer is the chief operating decision maker.

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 16 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.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

NISOURCE INC.
Gas Distribution Operations

Year Ended December 31, *(in millions)*	2014	2013	2012
Net Revenues			
Sales revenues	$ 3,593.9	$ 3,053.8	$ 2,660.7
Less: Cost of gas sold (excluding depreciation and amortization)	1,762.7	1,419.7	1,166.9
Net Revenues	1,831.2	1,634.1	1,493.8
Operating Expenses			
Operation and maintenance	900.3	824.8	757.3
Depreciation and amortization	217.6	201.4	189.9
(Gain) Loss on sale of assets and impairment, net	(0.2)	1.2	0.6
Other taxes	176.5	161.3	154.7
Total Operating Expenses	1,294.2	1,188.7	1,102.5
Operating Income	$ 537.0	$ 445.4	$ 391.3
Revenues			
Residential	$ 2,286.3	$ 1,901.0	$ 1,685.2
Commercial	800.6	654.0	549.0
Industrial	231.3	194.3	174.3
Off-System Sales	199.4	266.4	176.2
Other	76.3	38.1	76.0
Total	$ 3,593.9	$ 3,053.8	$ 2,660.7
Sales and Transportation (MMDth)			
Residential sales	295.2	272.3	226.5
Commercial sales	189.6	172.9	156.2
Industrial sales	512.9	494.5	478.2
Off-System Sales	44.9	70.4	61.5
Other	(0.1)	0.4	0.3
Total	1,042.5	1,010.5	922.7
Heating Degree Days	6,176	5,698	4,799
Normal Heating Degree Days	5,610	5,610	5,664
% Colder (Warmer) than Normal	10%	2%	(15)%
Customers			
Residential	3,098,052	3,079,575	3,058,839
Commercial	282,749	281,535	280,842
Industrial	7,637	7,663	7,552
Other	15	22	22
Total	3,388,453	3,368,795	3,347,255

Competition

Gas Distribution Operations competes with investor-owned, municipal, and cooperative electric utilities throughout its service area, and to a lesser extent, with other regulated natural gas utilities and propane and fuel oil suppliers. Gas Distribution Operations continues to be a strong competitor in the energy market as a result of strong customer preference for natural gas. Competition with providers of electricity is generally strongest in the residential and commercial markets of Kentucky, southern Ohio, central Pennsylvania and western Virginia where electric rates are primarily driven by low-cost, coal-fired generation. In Ohio and Pennsylvania, similar gas provider competition is also common. Natural gas competes with fuel oil and propane in the Massachusetts market mainly due to the installed base of fuel oil and propane-based heating which, over time, has comprised a declining percentage of the overall market.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

NISOURCE INC.
Gas Distribution Operations (continued)

Market Conditions
During 2014, spot prices at the Henry Hub for the winter through December 2014 have primarily been in the $2.745 - $4.280/Dth range compared to prices in the $3.360 - $4.520/Dth range experienced during the winter through December 2013.

Entering the 2014-2015 winter season, national storage levels were 238 Bcf below the prior year and 261 Bcf below the 5 year average inventory levels (based on November 6, 2014 Energy Information Administration storage report). During the summer of 2014, prices ranged between $3.515 and $4.835/Dth which were higher than those prices experienced in the summer of 2013.

All NiSource Gas Distribution Operations companies have state-approved recovery mechanisms that provide a means for full recovery of prudently incurred gas costs. Gas costs are treated as pass-through costs and have no impact on the net revenues recorded in the period. The gas costs included in revenues are matched with the gas cost expense recorded in the period and the difference is recorded on the Consolidated Balance Sheets as under-recovered or over-recovered gas cost to be included in future customer billings.

The Gas Distribution Operations companies have pursued non-traditional revenue sources within the evolving natural gas marketplace. These efforts include the sale of products and services upstream of the companies' service territory, the sale of products and services in the companies' service territories, and gas supply cost incentive mechanisms for service to their core markets. The upstream products are made up of transactions that occur between an individual Gas Distribution Operations company and a buyer for the sales of unbundled or rebundled gas supply and capacity. The on-system services are offered by NiSource to customers and include products such as the transportation and balancing of gas on the Gas Distribution Operations company system. The incentive mechanisms give the Gas Distribution Operations companies an opportunity to share in the savings created from such things as gas purchase prices paid below an agreed upon benchmark and its ability to reduce pipeline capacity charges with their customers. Certain Gas Distribution Operations companies continue to offer choice opportunities, where customers can choose to purchase gas from a third-party supplier, through regulatory initiatives in their respective jurisdictions.

Capital Expenditures and Other Investing Activities
The table below reflects actual capital expenditures and other investing activities by category for 2012, 2013 and 2014 and estimates for 2015.

(in millions)	2015E	**2014**	2013	2012
System Growth	$ 152.7	**$ 175.9**	$ 166.8	$ 126.4
Maintenance and Other	739.2	**684.4**	624.0	523.0
Total	$ 891.9	**$ 860.3**	$ 790.8	$ 649.4

The Gas Distribution Operations segment's capital expenditures and other investing activities were $ 860.3 million in 2014 and are projected to be $ 891.9 million in 2015. The estimated 2015 capital expenditures are $31.6 million higher than 2014 primarily due to increased TDSIC spend. Capital expenditures for 2014 were higher than 2013 by approximately $69.5 million primarily due to increased spending on infrastructure replacement projects.

The Gas Distribution Operations segment's capital expenditures for 2013 were higher than 2012 by approximately $141.4 million primarily due to increased spending on infrastructure replacement projects.

Regulatory Matters
Refer to Note 7, "Regulatory Matters," in the Notes to Consolidated Financial Statements 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 year ended December 31, 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 "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 December 31, 2014 , reserves have been recorded to cover probable environmental response actions. Refer to Note 18-D, "Environmental Matters," in the Notes to Consolidated Financial Statements for additional information regarding environmental matters for the Gas Distribution Operations segment.

Springfield, MA Incident

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. The Massachusetts DPU has concluded its investigation. Columbia of Massachusetts is fully cooperating with the Occupational Safety & Health Administration in its investigation 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.

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 service territories for 2014 was about 10% colder than normal and was about 8% colder than 2013, increasing net revenues by approximately $18 million for the year ended December 31, 2014 compared to 2013.

Weather in the Gas Distribution Operations service territories for 2013 was about 2% colder than normal and was about 19% colder than 2012, increasing net revenues by approximately $48 million for the year ended December 31, 2013 compared to 2012.

Throughput

Total volumes sold and transported for the year ended December 31, 2014 were 1,042.5 MMDth, compared to 1,010.5 MMDth for 2013. This increase is primarily attributable to colder weather compared to the prior year.

Total volumes sold and transported for the year ended December 31, 2013 were 1,010.5 MMDth, compared to 922.7 MMDth for 2012. This increase is primarily attributable to colder weather experienced in 2013 compared to 2012.

NiSource throughput reported does not directly correlate to the results of Gas Distribution Operations due to rate design.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

NISOURCE INC.
Gas Distribution Operations (continued)

Net Revenues
Net revenues for 2014 were $1,831.2 million, an increase of $197.1 million from the same period in 2013. The increase in net revenues is due primarily to an increase of $93.4 million for regulatory and service programs, including the impacts of the rate settlement in 2013 at Columbia of Pennsylvania, the rate case at Columbia of Massachusetts, as well as the implementation of rates under Columbia of Ohio's approved infrastructure replacement program. Furthermore, there was an increase in regulatory and tax trackers, which are offset in expense, of $49.2 million and the effects of colder weather of $18.4 million. Additionally, there was higher commercial, residential and industrial usage of $14.6 million, an increase in large customer revenue of $6.5 million, higher revenue of $5.9 million due to increased customer count and an increase in off-system sales of $5.6 million. Also, there were higher net revenues from the recovery of storage inventory costs of $3.8 million and a settlement of $3.2 million at Columbia of Massachusetts in 2013. These increases were partially offset by a decrease of $5.6 million resulting from NIPSCO's GCIM.

Net revenues for 2013 were $1,634.1 million, an increase of $140.3 million from the same period in 2012, due primarily to an increase of $53.8 million for regulatory and service programs, including the impact from the rate cases at Columbia of Pennsylvania and Columbia of Massachusetts and the implementation of rates under Columbia of Ohio's approved infrastructure replacement program, the effects of colder weather of $47.6 million, increased trackers, which are offset in expense, of $18.7 million, an increase in residential, commercial and industrial usage of $10.8 million, and higher revenue of $5.3 million due to an increase in residential and commercial customers.

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 adjustments to Other gross revenues for the twelve months ended December 31, 2014 and 2013 were a revenue increase of $34.2 million and a revenue decrease of $8.1 million, respectively.

Operating Income
For 2014, Gas Distribution Operations reported operating income of $537.0 million, an increase of $91.6 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 $105.5 million higher than the comparable period reflecting increased regulatory and tax trackers, which are offset in net revenues, of $49.2 million, higher employee and administrative expenses of $21.9 million primarily due to a growing workforce and increased IT support and enhancements projects. Additionally, there was increased depreciation of $16.2 million due to increased capital expenditures, increased outside service costs of $13.7 largely due to Columbia of Pennsylvania's pipeline safety initiatives, higher other taxes of $6.0 million and increased uncollectibles of $5.1 million. These increases were partially offset by a decrease in environmental costs of $6.7 million.

For 2013, Gas Distribution Operations reported operating income of $445.4 million, an increase of $54.1 million from the comparable 2012 period. Operating income increased as a result of higher net revenues, as described above, partially offset by increased operating expenses. Operating expenses increased $86.2 million due to higher employee and administrative expenses of $27.1 million primarily due to a growing workforce and increased IT support and enhancement projects. Additionally, there were increased regulatory and tax trackers, which are offset in net revenues, of $18.7 million, higher depreciation of $11.5 million due to an increase in capital expenditures placed in service, increased other taxes, excluding trackers described above, of $8.7 million, higher outside services of $8.4 million, increased environmental expense of $5.6 million and higher materials and supplies of $2.2 million.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

NISOURCE INC.
Columbia Pipeline Group Operations

Year Ended December 31, *(in millions)*	2014	2013	2012
Net Revenues			
Transportation revenues	$ 837.1	$ 774.7	$ 721.8
Storage revenues	197.2	196.4	196.7
Other revenues	312.9	208.7	83.0
Total Sales Revenue	1,347.2	1,179.8	1,001.5
Less: Cost of sales (excluding depreciation and amortization)	0.3	0.4	1.1
Net Revenues	1,346.9	1,179.4	1,000.4
Operating Expenses			
Operation and maintenance	751.6	623.4	476.3
Depreciation and amortization	118.6	106.9	99.3
Gain on sale of assets, net	(34.5)	(18.6)	(0.6)
Other taxes	67.1	62.2	59.2
Total Operating Expenses	902.8	773.9	634.2
Equity Earnings in Unconsolidated Affiliates	46.6	35.9	32.2
Operating Income	$ 490.7	$ 441.4	$ 398.4
Throughput (MMDth)			
Columbia Transmission	1,379.4	1,354.3	1,305.7
Columbia Gulf	626.7	643.0	894.3
Crossroads Gas Pipeline	16.7	16.9	15.7
Intrasegment eliminations	(128.7)	(239.4)	(422.6)
Total	1,894.1	1,774.8	1,793.1

Growth Projects Placed into Service

Warren County Project. The Columbia Pipeline Group Operations segment recently completed construction of approximately 2.5 miles of new 24-inch pipeline and modifications to existing compressor stations for a total capital cost of approximately $37 million. This project has expanded the system in order to provide up to nearly 250,000 Dth/d of transportation capacity under a long-term, firm contract. The project commenced commercial operations in April 2014.

West Side Expansion (Columbia Transmission-Smithfield III) . This project is designed to provide a market outlet for increasing Marcellus supply originating from the Waynesburg, Pennsylvania and Smithfield, Pennsylvania areas on the Columbia Transmission system. The Columbia Pipeline Group Operations segment invested approximately $87 million in new pipeline and compression, which will provide up to 444,000 Dth/d of incremental, firm transport capacity and is supported by long-term, firm contracts. The project was placed in service during the fourth quarter of 2014.

West Side Expansion (Columbia Gulf-Bi-Directional). Under this project 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.

Giles County Project . The Columbia Pipeline Group Operations segment invested approximately $25 million for the construction of approximately 12.9 miles of 8-inch pipeline, which will provide 46,000 Dth/d of firm service to a third party located off its Line KA system and into Columbia of Virginia's system. The Columbia Pipeline Group Operations has secured a long-term firm contract for the full delivery volume and the project was placed in service in the fourth quarter of 2014.

Line 1570 Expansion. The Columbia Pipeline Group Operations segment replaced approximately 19 miles of existing 20-inch pipeline with a 24-inch pipeline and added compression at an approximate cost of $18 million. The project, which was placed in service during the fourth quarter of 2014, creates nearly 99,000 Dth/d of capacity and is supported by long-term, firm contracts.

Growth Projects in Progress

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.

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 by the end of the third 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 a 21-mile dry gas gathering system consisting of 8-inch, 12-inch, and 16-inch pipelines, 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 fourth 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 by the end of the second quarter of 2016.

Utica Access Project . The Columbia Pipeline Group Operations segment intends to invest approximately $51 million to construct 4.7 miles of 20-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 by the end of 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, and 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 during 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 expect the project to be placed in service by the end of 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 by 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 $870 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 by the fourth quarter of 2018.

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.

Pennant invested in the construction of 20-24 inch wet gas gathering pipeline facilities with a capacity of approximately 500 MMcf/d. In addition, Pennant constructed a gas processing facility in New Middletown, Ohio that will have an initial capacity of 200 MMcf/d 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, Columbia 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. Columbia 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.

Columbia Midstream made cash contributions to Pennant totaling $66.6 million, $108.9 million and $2.9 million in 2014, 2013 and 2012, respectively. No distributions have been received from Pennant.

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.

Columbia Transmission made contributions to Millennium to fund its share of capital projects of $2.6 million, $16.6 million and $17.5 million in 2014, 2013 and 2012, respectively. For the same respective periods, Columbia Transmission received distributions of earnings of $35.6 million, $29.0 million and $31.4 million.

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 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 was limited to its 47.5% interest in Millennium.

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.

NiSource received $2.2 million, $3.1 million and $3.5 million of available accumulated earnings in 2014, 2013 and 2012, respectively. For the same respective periods, NiSource made no contributions to Hardy Storage.

Regulatory Matters
Refer to Note 7, "Regulatory Matters," in the Notes to Consolidated Financial Statements for information on regulatory matters for the Columbia Pipeline Group Operations segment.

Capital Expenditures and Other Investing Activities
The table below reflects actual capital expenditures and other investing activities by category for 2012, 2013 and 2014 and estimates for 2015.

(in millions)	2015E	**2014**	2013	2012
System Growth and Equity Investments	$ 624.1	**$ 367.5**	$ 321.2	$ 235.0
Modernization and Maintenance	434.6	**476.4**	476.3	254.6
Total	$ 1,058.7	**$ 843.9**	$ 797.5	$ 489.6

Capital expenditures in the Columbia Pipeline Group Operations segment in 2014 increased by $46.4 million compared to 2013 due to system growth and equity investments in the Marcellus and Utica Shale areas. The capital expenditure program and other investing activities in 2015 are projected to be approximately $ 1,058.7 million , which is an increase of $214.8 million over 2014. The increase from 2014 to 2015 is expected due to an increase in system growth and equity investments spend as a result of the current profile of identified growth projects in 2015 partially offset by a decrease in the modernization and maintenance spend attributed to advanced spend for the modernization program in 2014.

Capital expenditures in the Columbia Pipeline Group Operations segment in 2013 increased by $307.9 million compared to 2012 due to the modernization program and system growth and equity investments in the Marcellus and Utica Shale areas.

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 year ended December 31, 2014, approximately 94.1% of the transportation revenues were derived from capacity reservation fees paid under firm contracts and 4.0% of the transportation revenues were derived from usage fees under firm contracts compared to approximately 93.1% and 5.0%, respectively, for the year ended December 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

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

NISOURCE INC.
Columbia Pipeline Group Operations (continued)

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 each of the years ended December 31, 2014 and 2013, approximately 1.9% of the transportation revenues were derived from interruptible contracts.

Environmental Matters
Currently, various environmental matters impact the Columbia Pipeline Group Operations segment. As of December 31, 2014, reserves have been recorded to cover probable environmental response actions. Refer to Note 18-D, "Environmental Matters," in the Notes to Consolidated Financial Statements 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 1,894.1 MMDth for 2014, compared to 1,774.8 MMDth for the same period in 2013. This increase 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 1,774.8 MMDth for 2013, compared to 1,793.1 MMDth for the same period in 2012. The colder weather, which drove a majority of the increase on the Columbia Transmission system, was more than offset by the impact from increased production of Appalachian shale gas that resulted in fewer deliveries being made by Columbia Gulf to Columbia Transmission at Leach, Kentucky.

Net Revenues
Net revenues were $1,346.9 million for 2014, an increase of $167.5 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 $88.4 million and increased demand margin revenue of $54.7 million primarily as a result of growth projects placed in service and new firm contracts. Additionally, there was an increase in net revenues as a result of higher mineral rights royalty revenue of $22.6 million due to additional conveyances and increased third-party drilling activity.

Net revenues were $1,179.4 million for 2013, an increase of $179.0 million from the same period in 2012, primarily due to higher regulatory trackers, which are offset in expense, of $119.5 million, the current period impacts of the 2012 customer settlement at Columbia Transmission, which resulted in an increase in net revenues of $50.3 million, higher demand margin and commodity revenue of $11.9 million from new growth projects placed into service and increased mineral rights royalty revenue and condensate revenue of $7.0 million. These increases were partially offset by lower shorter term transportation services of $7.6 million.

Operating Income
Operating income was $490.7 million for 2014, an increase of $49.3 million from the comparable period in 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 $10.7 million due to higher earnings at Millennium attributable to growth projects placed in service. Operating expenses were $128.9 million higher than the comparable period primarily as a result of increased regulatory trackers, which are offset in net revenues, of $88.4 million and higher employee and administrative expenses of $28.3 million. Additionally, there were increased outside service costs of $13.3 million, higher depreciation of $11.7 million and increased property taxes of $4.0 million. These increases were partially offset by an increase in the gain on the sale of assets of $15.9 million primarily resulting from the increased gains on conveyance of mineral interests of $27.2 million, offset by the gain on the sale of storage base gas in 2013 of $11.1 million and lower software data conversion costs of $8.9 million.

NISOURCE INC.
Columbia Pipeline Group Operations (continued)

Operating income was $441.4 million for 2013, an increase of $43.0 million from the comparable period in 2012. Operating income increased as a result of higher net revenues, as described above, and increased equity earnings partially offset by higher operating expenses. Operating expenses increased by $139.7 million primarily due to increased regulatory trackers, which are offset in net revenues, of $119.5 million, higher employee and administrative expenses of $19.0 million that included $8.5 million related to higher pension costs, software data conversion costs of $8.9 million and higher depreciation of $7.6 million primarily due to increased capital expenditures related to projects placed in service. These increases were partially offset by higher gains on the sale of assets of $18.0 million resulting from the sale of storage base gas and on conveyances of mineral interests. Equity earnings increased $3.7 million primarily from increased earnings at Millennium.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

NISOURCE INC.
Electric Operations

Year Ended December 31, *(in millions)*	2014	2013	2012
Net Revenues			
Sales revenues	$ **1,673.4**	$ 1,564.9	$ 1,509.7
Less: Cost of sales (excluding depreciation and amortization)	**609.7**	542.5	495.9
Net Revenues	**1,063.7**	1,022.4	1,013.8
Operating Expenses			
Operation and maintenance	**474.9**	448.6	451.9
Depreciation and amortization	**244.4**	244.4	249.7
Gain on sale of assets, net	**(0.1)**	—	—
Other taxes	**61.8**	63.9	61.4
Total Operating Expenses	**781.0**	756.9	763.0
Operating Income	$ **282.7**	$ 265.5	$ 250.8
Revenues			
Residential	$ **438.2**	$ 426.6	$ 410.4
Commercial	**449.4**	431.5	413.7
Industrial	**723.6**	632.7	589.3
Wholesale	**32.2**	21.0	19.0
Other	**30.0**	53.1	77.3
Total	$ **1,673.4**	$ 1,564.9	$ 1,509.7
Sales (Gigawatt Hours)			
Residential	**3,384.2**	3,444.7	3,524.3
Commercial	**3,864.2**	3,881.9	3,863.1
Industrial	**10,114.2**	9,339.7	9,251.0
Wholesale	**675.5**	669.7	250.8
Other	**148.2**	132.0	119.1
Total	**18,186.3**	17,468.0	17,008.3
Cooling Degree Days	**663**	798	1,054
Normal Cooling Degree Days	**806**	806	814
% (Colder) Warmer than Normal	**(18)%**	(1)%	29%
Electric Customers			
Residential	**403,272**	402,638	401,177
Commercial	**54,635**	54,452	53,969
Industrial	**2,352**	2,374	2,445
Wholesale	**751**	725	725
Other	**5**	5	6
Total	**461,015**	460,194	458,322

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.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued)

NISOURCE INC.
Electric Operations (continued)

Market Conditions
NIPSCO's mwh sales to steel-related industries accounted for approximately 61.3% and 63.6% of the total industrial mwh sales for the years ended December 31, 2014 and 2013, respectively. NIPSCO's industrial sales volumes and revenues increased slightly in 2014 as compared to 2013 as industrial activity continued to show moderate but steady improvement.

Capital Expenditures and Other Investing Activities
The table below reflects actual capital expenditures and other investing activities by category for 2012, 2013 and 2014 and estimates for 2015.

(in millions)	2015E	**2014**	2013	2012
System Growth	$ 38.5	**$ 29.3**	$ 42.5	$ 28.9
Maintenance and Other	352.8	**409.5**	383.8	393.9
Total	$ 391.3	**$ 438.8**	$ 426.3	$ 422.8

The Electric Operations' capital expenditure program and other investing activities in 2014 were $12.5 million higher when compared to 2013 due to increased TDSIC spend as well as continued spending on the environmental tracker capital projects in the generation fleet. The estimated 2015 capital expenditures are expected to be $47.5 million lower compared to 2014. The decrease in capital is primarily due to tracker program spend.

The Electric Operations' capital expenditure program and other investing activities in 2013 were comparable to 2012 due to spending on the environmental tracker capital projects in the generation fleet.

Regulatory Matters
Refer to Note 7, "Regulatory Matters," in the Notes to Consolidated Financial Statements for information on significant rate developments, MISO, and cost recovery and trackers for the Electric Operations segment.

Environmental Matters
Currently, various environmental matters impact the Electric Operations segment. As of December 31, 2014, reserves have been recorded to cover probable environmental response actions. Refer to Note 18-D, "Environmental Matters," in the Notes to Consolidated Financial Statements 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 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 Consolidated Financial Statements.

Sales
Electric Operations sales were 18,186.3 gwh for the year ended 2014, an increase of 718.3 gwh compared to 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.

Electric Operations sales were 17,468.0 gwh for the year ended 2013, an increase of 459.7 gwh compared to 2012. The 2.7% increase is primarily attributable to an increase in wholesale usage as a result of increased off system sales opportunities.

NISOURCE INC.
Electric Operations (continued)

Net Revenues

Net revenues were $1,063.7 million for 2014, an increase of $41.3 million from the same period in 2013. The increase in net revenues is due primarily to higher industrial usage of $21.9 million and an increase in the return on the environmental capital investment recovery of $19.8 million due to an increased plant balance eligible for recovery. Additionally, there were increased net revenues of $5.9 million as a result of two electric transmission projects authorized by the MISO and higher off-system sales of $4.7 million. These increases were partially offset by a decrease in transmission upgrade revenue of $6.5 million included in net revenue in the prior year and the effects of weather of $5.3 million.

Net revenues were $1,022.4 million for 2013, an increase of $8.6 million from the same period in 2012, primarily due to an increase in the return on the environmental capital investment recovery of $28.9 million due to an increased plant balance eligible for recovery, higher industrial, commercial and residential margins of $17.5 million, transmission upgrade revenue of $6.2 million, increased off-system sales of $4.9 million, higher revenue of $2.2 million due to an increase in commercial and residential customers and an increase in a RTO recovery mechanism of $2.1 million, which is offset in expense. These increases were partially offset by lower environmental cost trackers, which are offset in expense, of $19.5 million, decreased revenue related to emission allowances of $11.9 million, the effects of colder weather of $10.0 million, a decrease of $6.6 million related to the final reconciliation of the revenue credit recorded in 2012 and higher fuel handling costs of $4.3 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 twelve months ended December 31, 2014 and 2013 were a revenue decrease of $25.5 million and a revenue increase of $4.7 million, respectively.

Operating Income

For 2014, Electric Operations reported operating income of $282.7 million, an increase of $17.2 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 $24.1 million due primarily to higher electric generation costs of $15.2 million as a result of maintenance related outages, increased employee and administrative expenses of $9.7 million and higher materials and supplies of $3.3 million. These increases were partially offset by a decrease in tree trimming costs of $4.5 million.

For 2013, Electric Operations reported operating income of $265.5 million, an increase of $14.7 million from the comparable 2012 period. Operating income increased as a result of higher net revenues, as described above, and decreased operating expenses. Operating expenses decreased $6.1 million primarily due to lower environmental trackers, which are offset in net revenues, of $19.5 million and decreased electric generation costs of $13.1 million as a result of reduced outages and maintenance. These decreases were partially offset by increased employee and administrative expenses of $16.0 million, higher depreciation and amortization, excluding trackers described above, of $3.9 million, increased other taxes of $2.5 million, and higher MISO fees of $2.1 million, which are offset in revenue by a RTO recovery mechanism.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

NISOURCE INC.

Quantitative and Qualitative Disclosures about Market Risk are reported in Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations – Market Risk Disclosures."

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

NISOURCE INC.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

NISOURCE INC.
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of NiSource Inc.:

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, 2014 and 2013, 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, 2014. Our audits also included the financial statement schedules listed in the Index at item 15. These financial statements and financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements and financial statement schedules 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, 2014 and 2013, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2014, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedules, 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 25 to the consolidated financial statements, on February 11, 2015 the Company completed the initial public offering of limited partner interests of Columbia Pipeline Partners LP for net proceeds of $1,170.0 million.

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, 2014, 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, 2015 expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ DELOITTE & TOUCHE LLP
Chicago, Illinois
February 18, 2015

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

NISOURCE INC.
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of NiSource Inc.:

We have audited the internal control over financial reporting of NiSource Inc. and subsidiaries (the "Company") as of December 31, 2014, 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, 2014, 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 schedules as of and for the year ended December 31, 2014, of the Company and our report dated February 18, 2015 expressed an unqualified opinion on those financial statements and financial statement schedules and included an explanatory paragraph relating to the Company's initial public offering of limited partner interests of Columbia Pipeline Partners LP which was completed on February 11, 2015.

/s/ DELOITTE & TOUCHE LLP
Chicago, Illinois
February 18, 2015

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

NISOURCE INC.
STATEMENTS OF CONSOLIDATED INCOME

Year Ended December 31, *(in millions, except per share amounts)*	2014	2013	2012
Net Revenues			
Gas Distribution	$ 2,597.8	$ 2,226.3	$ 1,959.8
Gas Transportation and Storage	1,872.7	1,643.2	1,462.4
Electric	1,672.0	1,563.4	1,507.7
Other	328.1	224.4	101.0
Gross Revenues	6,470.6	5,657.3	5,030.9
Cost of Sales (excluding depreciation and amortization)	2,224.2	1,815.5	1,516.9
Total Net Revenues	4,246.4	3,841.8	3,514.0
Operating Expenses			
Operation and maintenance	2,136.3	1,873.9	1,660.3
Depreciation and amortization	605.5	577.3	561.9
Gain on sale of assets and impairment, net	(31.5)	(17.5)	(3.8)
Other taxes	320.3	300.6	287.7
Total Operating Expenses	3,030.6	2,734.3	2,506.1
Equity Earnings in Unconsolidated Affiliates	46.6	35.9	32.2
Operating Income	1,262.4	1,143.4	1,040.1
Other Income (Deductions)			
Interest expense, net	(443.6)	(414.8)	(418.3)
Other, net	22.3	24.2	1.7
Total Other Deductions	(421.3)	(390.6)	(416.6)
Income from Continuing Operations before Income Taxes	841.1	752.8	623.5
Income Taxes	310.4	261.9	214.7
Income from Continuing Operations	530.7	490.9	408.8
(Loss) Income from Discontinued Operations - net of taxes	(0.7)	6.3	7.3
Gain on Disposition of Discontinued Operations - net of taxes	—	34.9	—
Net Income	$ 530.0	$ 532.1	$ 416.1
Basic Earnings Per Share			
Continuing operations	$ 1.68	$ 1.57	$ 1.40
Discontinued operations	—	0.13	0.03
Basic Earnings Per Share	$ 1.68	$ 1.70	$ 1.43
Diluted Earnings Per Share			
Continuing operations	$ 1.67	$ 1.57	$ 1.36
Discontinued operations	—	0.13	0.03
Diluted Earnings Per Share	$ 1.67	$ 1.70	$ 1.39
Basic Average Common Shares Outstanding	315.1	312.4	291.9
Diluted Average Common Shares	316.6	313.6	300.4

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

NISOURCE INC.
STATEMENTS OF CONSOLIDATED COMPREHENSIVE INCOME

Year Ended December 31, (in millions, net of taxes)	**2014**	2013	2012
Net Income	**$ 530.0**	$ 532.1	$ 416.1
Other comprehensive income (loss):			
Net unrealized gain (loss) on available-for-sale securities [1]	**0.6**	(2.9)	(2.3)
Net unrealized gain on cash flow hedges [2]	**2.2**	2.8	3.2
Unrecognized pension and OPEB (costs) benefit [3]	**(9.8)**	22.0	(6.7)
Total other comprehensive (loss) income	**(7.0)**	21.9	(5.8)
Total Comprehensive Income	**$ 523.0**	$ 554.0	$ 410.3

[1] Net unrealized gain (loss) on available-for-sale securities, net of $0.3 million tax expense, and $1.5 million and $1.7 million tax benefit in 2014 , 2013 and 2012 , respectively.

[2] Net unrealized gain on derivatives qualifying as cash flow hedges, net of $1.5 million , $1.8 million and $2.1 million tax expense in 2014 , 2013 and 2012 , respectively.

[3] Unrecognized pension and OPEB (costs) benefit, net of $2.5 million tax benefit, $14.3 million tax expense, and $4.2 million tax benefit in 2014 , 2013 and 2012 , respectively.

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

NISOURCE INC.
CONSOLIDATED BALANCE SHEETS

(in millions)	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

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

NISOURCE INC.
CONSOLIDATED BALANCE SHEETS

(in millions, except share amounts)	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 (Refer to Note 18)	**—**	—
Total Capitalization and Liabilities	**$ 24,866.3**	$ 22,653.9

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

NISOURCE INC.
STATEMENTS OF CONSOLIDATED CASH FLOWS

Year Ended December 31, *(in millions)*	2014	2013	2012
Operating Activities			
Net Income	$ 530.0	$ 532.1	$ 416.1
Adjustments to Reconcile Net Income to Net Cash from Continuing Operations:			
Depreciation and amortization	605.5	577.3	561.9
Net changes in price risk management assets and liabilities	2.6	2.6	2.5
Deferred income taxes and investment tax credits	299.1	287.4	292.6
Deferred revenue	1.5	(7.2)	(8.3)
Stock compensation expense and 401(k) profit sharing contribution	72.3	50.7	45.0
Gain on sale of assets and impairment, net	(31.5)	(17.5)	(3.8)
Income from unconsolidated affiliates	(45.8)	(35.7)	(30.9)
Gain on disposition of discontinued operations - net of taxes	—	(34.9)	—
Loss (Income) from discontinued operations - net of taxes	0.7	(6.3)	(7.3)
Amortization of discount/premium on debt	10.0	9.4	9.7
AFUDC equity	(21.7)	(18.5)	(10.6)
Distributions of earnings received from equity investees	37.8	32.1	34.9
Changes in Assets and Liabilities:			
Accounts receivable	(63.1)	(94.8)	(51.4)
Income tax receivable	3.3	125.9	(130.0)
Inventories	(119.9)	(9.2)	62.4
Accounts payable	37.6	67.8	57.3
Customer deposits and credits	107.3	(6.9)	(43.9)
Taxes accrued	9.8	2.6	21.9
Interest accrued	4.3	3.8	21.8
Over (Under) recovered gas and fuel costs	27.9	8.6	(51.1)
Exchange gas receivable/payable	(42.8)	21.0	(9.2)
Other accruals	5.1	2.2	(26.2)
Prepayments and other current assets	(10.1)	(17.0)	(4.5)
Regulatory assets/liabilities	(246.6)	479.1	(51.7)
Postretirement and postemployment benefits	138.2	(549.1)	123.0
Deferred credits	13.0	10.5	4.9
Deferred charges and other noncurrent assets	(0.4)	20.3	71.9
Other noncurrent liabilities	(3.1)	(9.5)	(14.1)
Net Operating Activities from Continuing Operations	1,321.0	1,426.8	1,282.9
Net Operating Activities (used for) from Discontinued Operations	(1.4)	10.0	(7.4)
Net Cash Flows from Operating Activities	1,319.6	1,436.8	1,275.5
Investing Activities			
Capital expenditures	(2,028.5)	(1,879.9)	(1,498.8)
Insurance recoveries	11.3	6.4	6.5
Proceeds from disposition of assets	12.8	18.0	25.6
Restricted cash (deposits) withdrawals	(17.1)	38.7	114.2
Contributions to equity investees	(69.2)	(125.4)	(20.4)
Other investing activities	(25.9)	(67.9)	(49.0)
Net Investing Activities used for Continuing Operations	(2,116.6)	(2,010.1)	(1,421.9)
Net Investing Activities from (used for) Discontinued Operations	—	118.7	(3.3)
Net Cash Flows used for Investing Activities	(2,116.6)	(1,891.4)	(1,425.2)
Financing Activities			
Issuance of long-term debt			

	748.4	1,567.6	991.4
Repayments of long-term debt and capital lease obligations	**(521.0)**	(510.9)	(331.6)
Premium and other debt related costs	**(8.7)**	(3.2)	(3.4)
Change in short-term debt, net	**878.1**	(78.1)	(582.2)
Issuance of common stock	**30.3**	43.7	383.5
Acquisition of treasury stock	**(10.2)**	(8.1)	(10.0)
Dividends paid - common stock	**(321.3)**	(305.9)	(273.2)
Net Cash Flows from Financing Activities	**795.6**	445.1	174.5
Change in cash and cash equivalents (used for) from continuing operations	**—**	(138.2)	35.5
Change in cash and cash equivalents (used for) from discontinued operations	**(1.4)**	128.7	(10.7)
Cash and cash equivalents at beginning of period	**26.8**	36.3	11.5
Cash and Cash Equivalents at End of Period	**$ 25.4**	$ 26.8	$ 36.3

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

NISOURCE INC.
STATEMENTS OF CONSOLIDATED LONG-TERM DEBT

As of December 31, *(in millions)*	2014	2013
Columbia of Massachusetts:		
Medium-term notes -		
Interest rates between 6.26% and 6.43% with a weighted average interest rate of 6.30% and maturities between December 15, 2025 and February 15, 2028	**$ 40.0**	$ 40.0
Total long-term debt of Columbia of Massachusetts	**40.0**	40.0
Columbia of Ohio:		
Subsidiary debt - Capital lease obligations	**96.4**	21.4
Total long-term debt of Columbia of Ohio	**96.4**	21.4
Capital Markets:		
Senior Notes - 6.78%, due December 1, 2027	**3.0**	3.0
Medium-term notes -		
Issued at interest rates between 7.82% and 7.99%, with a weighted average interest rate of 7.92% and various maturities between March 27, 2017 and May 5, 2027	**106.0**	106.0
Total long-term debt of Capital Markets	**109.0**	109.0
NiSource Corporate Services:		
Capital lease obligations -		
Interest rate of 3.290% due June 30, 2015	**—**	1.4
Interest rate of 3.264% due August 31, 2015	**2.0**	0.8
Interest rate of 6.709% due December 31, 2015	**—**	23.3
Interest rate of 9.840% due June 30, 2015	**—**	0.1
Interest rate of 5.586% due December 31, 2016	**0.5**	2.8
Total long-term debt of NiSource Corporate Services	**2.5**	28.4
NiSource Development Company:		
NDC Douglas Properties - Notes Payable -		
Interest rate of 5.56% due July 1, 2041	**2.1**	5.4
Total long-term debt of NiSource Development Company	**2.1**	5.4

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

NISOURCE INC.
STATEMENTS OF CONSOLIDATED LONG-TERM DEBT

As of December 31, *(in millions)*	2014	2013
NiSource Finance:		
Long-term notes -		
5.36% - due November 28, 2015	—	230.0
10.75% - due March 15, 2016	**201.5**	201.5
Variable rate - due April 15, 2016	**325.0**	325.0
5.41% - due November 28, 2016	**90.0**	90.0
Variable rate - due August 18, 2017	**750.0**	—
5.25% - due September 15, 2017	**450.0**	450.0
6.40% - due March 15, 2018	**800.0**	800.0
6.80% - due January 15, 2019	**500.0**	500.0
5.45% - due September 15, 2020	**550.0**	550.0
4.45% - due December 1, 2021	**250.0**	250.0
6.125% - due March 1, 2022	**500.0**	500.0
3.85% - due February 15, 2023	**250.0**	250.0
5.89% - due November 28, 2025	**265.0**	265.0
6.25% - due December 15, 2040	**250.0**	250.0
5.95% - due June 15, 2041	**400.0**	400.0
5.80% - due February 1, 2042	**250.0**	250.0
5.25% - due February 15, 2043	**500.0**	500.0
4.80% - due February 15, 2044	**750.0**	750.0
5.65% - due February 1, 2045	**500.0**	500.0
Unamortized premium and discount on long-term debt	**(49.6)**	(53.2)
Total long-term debt of NiSource Finance	**7,531.9**	7,008.3
NIPSCO:		
Capital lease obligations -		
Interest rate of 3.95% due June 30, 2022	**52.8**	59.7
Pollution control bonds -		
Reoffered interest rates between 5.60% and 5.85%, with a weighted average interest rate of 5.67% and various maturities between November 1, 2016 and April 1, 2019	**226.0**	226.0
Medium-term notes -		
Issued at interest rates between 7.02% and 7.69%, with a weighted average interest rate of 7.57% and various maturities between June 12, 2017 and August 4, 2027	**95.5**	95.5
Unamortized discount on long-term debt	**(0.3)**	(0.5)
Total long-term debt of NIPSCO	**374.0**	380.7
Total Long-Term Debt, Excluding Amount due within One Year	**$ 8,155.9**	$ 7,593.2

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

NISOURCE INC.
STATEMENTS OF CONSOLIDATED COMMON STOCKHOLDERS' EQUITY

(in millions)	Common Stock	Treasury Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income/(Loss)	Total
Balance as of January 1, 2012	**$ 2.8**	**$ (30.5)**	**$ 4,167.7**	**$ 917.0**	**$ (59.7)**	**$ 4,997.3**
Comprehensive Income (Loss):						
Net Income	—	—	—	416.1	—	416.1
Other comprehensive income (loss), net of tax	—	—	—	—	(5.8)	(5.8)
Dividends:						
Common stock ($0.94 per share)	—	—	—	(273.5)	—	(273.5)
Treasury stock acquired	—	(10.0)	—	—	—	(10.0)
Issued:						
Common stock issuance	0.3	—	—	—	—	0.3
Employee stock purchase plan	—	—	1.8	—	—	1.8
Long-term incentive plan	—	—	44.6	—	—	44.6
401(k) and profit sharing issuance	—	—	36.3	—	—	36.3
Dividend reinvestment plan	—	—	8.3	—	—	8.3
Forward equity settlement	—	—	338.9	—	—	338.9
Balance as of December 31, 2012	**$ 3.1**	**$ (40.5)**	**$ 4,597.6**	**$ 1,059.6**	**$ (65.5)**	**$ 5,554.3**
Comprehensive Income (Loss):						
Net Income	—	—	—	532.1	—	532.1
Other comprehensive income (loss), net of tax	—	—	—	—	21.9	21.9
Dividends:						
Common stock ($0.98 per share)	—	—	—	(306.2)	—	(306.2)
Treasury stock acquired	—	(8.1)	—	—	—	(8.1)
Issued:						
Common stock issuance	0.1	—	—	—	—	0.1
Employee stock purchase plan	—	—	2.9	—	—	2.9
Long-term incentive plan	—	—	43.8	—	—	43.8
401(k) and profit sharing issuance	—	—	37.8	—	—	37.8
Dividend reinvestment plan	—	—	8.0	—	—	8.0
Balance as of December 31, 2013	**$ 3.2**	**$ (48.6)**	**$ 4,690.1**	**$ 1,285.5**	**$ (43.6)**	**$ 5,886.6**

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

NISOURCE INC.
STATEMENTS OF CONSOLIDATED COMMON STOCKHOLDERS' EQUITY

(in millions)	Common Stock	Treasury Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income/(Loss)	Total
Balance as of December 31, 2013	**$ 3.2**	**$ (48.6)**	**$ 4,690.1**	**$ 1,285.5**	**$ (43.6)**	**$ 5,886.6**
Comprehensive Income (Loss):						
Net Income	—	—	—	530.0	—	530.0
Other comprehensive income (loss), net of tax	—	—	—	—	(7.0)	(7.0)
Dividends:						
Common stock ($1.02 per share)	—	—	—	(321.5)	—	(321.5)
Treasury stock acquired	—	(10.3)	—	—	—	(10.3)
Issued:						
Employee stock purchase plan	—	—	4.2	—	—	4.2
Long-term incentive plan	—	—	40.2	—	—	40.2
401(k) and profit sharing issuance	—	—	45.3	—	—	45.3
Dividend reinvestment plan	—	—	7.8	—	—	7.8
Balance as of December 31, 2014	**$ 3.2**	**$ (58.9)**	**$ 4,787.6**	**$ 1,494.0**	**$ (50.6)**	**$ 6,175.3**

Shares *(in thousands)*	Common Shares	Treasury Shares	Outstanding Shares
Balance January 1, 2012	**283,425**	**(1,571)**	**281,854**
Treasury stock acquired		(439)	(439)
Issued:			
Employee stock purchase plan	73	—	73
Long-term incentive plan	2,692	—	2,692
Dividend reinvestment	340	—	340
Retirement savings plan	1,496	—	1,496
Forward equity settlement	24,265	—	24,265
Balance December 31, 2012	**312,291**	**(2,010)**	**310,281**
Treasury stock acquired		(297)	(297)
Issued:			
Employee stock purchase plan	102	—	102
Long-term incentive plan	2,037	—	2,037
Dividend reinvestment	272	—	272
Retirement savings plan	1,281	—	1,281
Balance December 31, 2013	**315,983**	**(2,307)**	**313,676**
Treasury stock acquired		(292)	(292)
Issued:			
Employee stock purchase plan	113	—	113
Long-term incentive plan	1,125	—	1,125
Dividend reinvestment	206	—	206
Retirement savings plan	1,209	—	1,209
Balance December 31, 2014	**318,636**	**(2,599)**	**316,037**

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

1. Nature of Operations and Summary of Significant Accounting Policies

A. Company Structure and Principles of Consolidation . NiSource, a Delaware corporation, is a holding company whose subsidiaries provide natural gas, electricity and other products and services to approximately 3.9 million customers located within a corridor that runs from the Gulf Coast through the Midwest to New England. NiSource derives substantially all of its revenues and earnings from the operating results of its thirteen direct subsidiaries.

The consolidated financial statements include the accounts of NiSource and its majority-owned subsidiaries after the elimination of all intercompany accounts and transactions. Investments for which at least a 20% interest is owned, certain joint ventures and limited partnership interests of more than 3% are accounted for under the equity method. Except where noted above and in the event where NiSource has significant influence, investments with less than a 20% interest are accounted for under the cost method. NiSource also consolidates variable interest entities for which NiSource is the primary beneficiary.

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 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.

B. Use of Estimates. The preparation of financial statements in conformity with GAAP in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

C. Cash, Cash Equivalents, and Restricted Cash . NiSource considers all investments with original maturities of three months or less to be cash equivalents. NiSource reports amounts deposited in brokerage accounts for margin requirements as restricted cash. In addition, NiSource has amounts deposited in trust to satisfy requirements for the provision of various property, liability, workers compensation, and long-term disability insurance, which is classified as restricted cash and disclosed as an investing cash flow on the Statements of Consolidated Cash Flows.

Restricted cash was $ 24.9 million and $ 8.0 million as of December 31, 2014 , and 2013 , respectively. The increase in restricted cash was primarily a result of higher margin requirements due to open derivative contracts.

D. Accounts Receivable and Unbilled Revenue. Accounts receivable on the Consolidated Balance Sheets includes both billed and unbilled amounts as NiSource believes that total accounts receivable is a more meaningful presentation, given the factors which impact both billed and unbilled accounts receivable. Unbilled revenue is based on estimated amounts of electric energy or natural gas delivered but not yet billed to its customers. Unbilled amounts of accounts receivable relate to a portion of a customer's consumption of gas or electricity from the date of the last cycle billing date through the last day of the month (balance sheet date). Factors taken into consideration when estimating unbilled revenue include historical usage, customer rates and weather. Accounts receivable fluctuates from year to year depending in large part on weather impacts and price volatility. NiSource's accounts receivable on the Consolidated Balance Sheets includes unbilled revenue, less reserves, in the amounts of $344.9 million and $321.5 million for the years ended December 31, 2014 and 2013 , respectively. The reserve for uncollectible receivables is the Company's best estimate of the amount of probable credit losses in the existing accounts receivable. The Company determined the reserve based on historical experience and in consideration of current market conditions. Account balances are charged against the allowance when it is anticipated the receivable will not be recovered.

E. Investments in Debt and Equity Securities. NiSource's investments in debt and equity securities are carried at fair value and are designated as available-for-sale. These investments are included within "Other investments" on the Consolidated Balance Sheets. Unrealized gains and losses, net of deferred income taxes, are reflected as accumulated other comprehensive income (loss). These investments are monitored for other than temporary declines in market value. Realized gains and losses and permanent impairments are reflected in the Statements of Consolidated Income. No material impairment charges were recorded for the years ended December 31, 2014 , 2013 and 2012 .

F. Basis of Accounting for Rate-Regulated Subsidiaries . Rate-regulated subsidiaries account for and report assets and liabilities consistent with the economic effect of the way in which regulators establish rates, if the rates established are designed to recover the costs of providing the regulated service and it is probable that such rates can be charged and collected. Certain expenses and credits subject to utility regulation or rate determination normally reflected in income are deferred on the Consolidated Balance Sheets and are recognized in income as the related amounts are included in service rates and recovered from or refunded to customers.

In the event that regulation significantly changes the opportunity for NiSource to recover its costs in the future, all or a portion of NiSource's regulated operations may no longer meet the criteria for regulatory accounting. In such an event, a write-down of all or a portion of NiSource's existing regulatory assets and liabilities could result. If transition cost recovery was approved by the appropriate regulatory bodies that would meet the requirements under GAAP for continued accounting as regulatory assets and liabilities during such recovery period, the regulatory assets and liabilities would be reported at the recoverable amounts. If unable to continue to apply the provisions of regulatory accounting, NiSource would be required to apply the provisions of Discontinuation of Rate-Regulated Accounting. In management's opinion, NiSource's regulated subsidiaries will be subject to regulatory accounting for the foreseeable future. Refer to Note 7 for additional information.

G. Utility Plant and Other Property and Related Depreciation and Maintenance . Property, plant and equipment (principally utility plant) is stated at cost. The rate-regulated subsidiaries record depreciation using composite rates on a straight-line basis over the remaining service lives of the electric, gas and common properties as approved by the appropriate regulators.

The weighted average depreciation provisions for utility plant, as a percentage of the original cost, for the periods ended December 31, 2014 , 2013 and 2012 were as follows:

	2014	2013	2012
Electric Operations	**3.0%**	3.2%	3.4%
Gas Distribution and Transmission Operations	**1.8%**	1.8%	1.9%

For rate-regulated companies, AFUDC is capitalized on all classes of property except organization costs, land, autos, office equipment, tools and other general property purchases. The allowance is applied to construction costs for that period of time between the date of the expenditure and the date on which such project is placed in service. The pre-tax rate for AFUDC was 4.1% in 2014 , 2.4% in 2013 and 3.3% in 2012 . Short-term borrowings were primarily used to fund construction efforts for all three years presented.

Generally, NiSource's subsidiaries follow the practice of charging maintenance and repairs, including the cost of removal of minor items of property, to expense as incurred. When regulated property that represents a retired unit is replaced or removed, the cost of such property is credited to utility plant, and such cost, net of salvage, is charged to the accumulated provision for depreciation in accordance with composite depreciation.

In the third quarter of 2013, Columbia Transmission sold storage base gas. The difference between the sale proceeds and amounts capitalized to Utility Plant resulted in a gain of $11.1 million .

H. Carrying Charges and Deferred Depreciation. Upon completion of units 17 and 18 at the R. M. Schahfer Generating Station, NIPSCO capitalized the debt-based carrying charges and deferred depreciation in accordance with orders of the IURC, pending the inclusion of the cost of each unit in rates. Such carrying charges and deferred depreciation were amortized through September 30, 2014.

NIPSCO has capitalized debt-based carrying charges and deferred depreciation related to Sugar Creek in accordance with the February 18, 2008 Order of the IURC. The deferral of Sugar Creek debt based carrying charges and the deferral of depreciation ceased in December 2011 and deferred balances are being amortized over five years beginning January 2012. As of December 31, 2014 , the remaining balance to be amortized is $28.6 million . An additional $13.9 million is deferred for consideration in NIPSCO's next electric base rate case. Management believes this amount is probable of recovery through future rates.

In 2005, the PUCO authorized Columbia of Ohio to revise its depreciation accrual rates for the period beginning January 1, 2005. The revised depreciation rates are now higher than those which would have been utilized if Columbia of Ohio were not subject to regulation. The amount of depreciation that would have been recorded for 2005 through 2014 had Columbia of Ohio not been

subject to rate regulation is a combined $485.2 million , a $59.4 million decrease over the $544.6 million reflected in rates. The regulatory asset was $72.3 million and $78.7 million as of December 31, 2014 and 2013 , respectively. The amount of depreciation that would have been recorded for 2014 had Columbia of Ohio not been subject to rate regulation is $71.0 million , a $6.4 million decrease over the $77.4 million reflected in rates.

Columbia of Ohio has PUCO approval to defer depreciation associated with its IRP and capital expenditure program. As of December 31, 2014, depreciation of $27.0 million was deferred for the programs. Recovery of the IRP depreciation is approved annually through the IRP rider (see Note 7). The equivalent of annual depreciation expense, based on the average life of the related assets, is included in the calculation of the rider approved by the PUCO and billed to customers. Deferred depreciation expense is recognized as the rider is billed to customers. The recovery mechanism for depreciation associated with the capital expenditure program will be addressed in a separate proceeding.

I. Amortization of Software Costs. External and internal costs associated with computer software developed for internal use are capitalized. Capitalization of such costs commences upon the completion of the preliminary stage of each project. Once the installed software is ready for its intended use, such capitalized costs are amortized on a straight-line basis generally over a period of five years. NiSource amortized $38.0 million in 2014 , $36.3 million in 2013 and $30.6 million in 2012 related to software costs. NiSource's unamortized software balance was $180.5 million and $149.1 million at December 31, 2014 and 2013 , respectively.

J. Goodwill and Other Intangible Assets. NiSource has $3,666.2 million in goodwill and other intangible assets. Substantially all goodwill relates to the excess of cost over the fair value of the net assets acquired in the Columbia acquisition. In addition, NiSource has other intangible assets consisting primarily of franchise rights apart from goodwill that were identified as part of the purchase price allocations associated with the acquisition of Columbia of Massachusetts, a wholly-owned subsidiary of NiSource, which is being amortized on a straight-line basis over forty years from the date of acquisition. Refer to Note 5 for additional information.

K. Long-lived Assets. NiSource's Consolidated Balance Sheets contain significant long-lived assets other than goodwill and intangible assets discussed above which are not subject to recovery under regulatory accounting. As a result, NiSource assesses the carrying amount and potential earnings of these assets whenever events or changes in circumstances indicate that the carrying value could be impaired. There were no significant impairments for the years ended December 31, 2014 , 2013 and 2012 .

L. Revenue Recognition. Revenue is recorded as products and services are delivered. Utility revenues are billed to customers monthly on a cycle basis. Revenues are recorded on the accrual basis and include estimates for electricity and gas delivered but not billed. Cash received in advance from sales of commodities to be delivered in the future is recorded as deferred revenue and recognized as income upon delivery of the commodities. For shorter term transportation and storage service revenues, cash is received at inception of the service period resulting in the recording of deferred revenues that are recognized in revenues over the period the services are provided.

NiSource recognizes gains on conveyances related to pooling of assets (production rights) in joint undertakings intended to find, develop, or produce oil or gas from a particular property or group of properties into earnings as any obligation associated with conveyance is satisfied. NiSource has a working and an overriding royalty interest in the assets. Gains on conveyances amounted to $34.5 million , $7.3 million and zero for the years ended December 31, 2014, 2013 and 2012, respectively, and are included in "Gain on sale of assets and impairments, net" on the Statements of Consolidated Income. Deferred revenues includes gains on conveyances where NiSource has a substantial obligation for future performance. As of December 31, 2014 and 2013, deferred gains were approximately $19.6 million and $30.0 million , respectively.

NiSource's wholly owned subsidiary, CEVCO, owns the mineral rights to approximately 460,000 acres in the Marcellus and Utica shale areas. CEVCO leases or contributes the mineral rights to producers in return for royalty interest. Royalties from mineral interests are recognized on an accrual basis when earned and realized. Mineral rights royalty revenue was $43.8 million , $21.2 million and $18.5 million for the years ended December 31, 2014, 2013 and 2012, respectively, and are included in "Other" revenues on the Statements on Consolidated Income.

M. 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 include the incremental effects of the various long-term incentive compensation plans and the Forward Agreements (see Note 12).

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

The numerator in calculating both basic and diluted EPS for each year is reported net income. The computation of diluted average common shares follows:

Diluted Average Common Shares Computation	2014	2013	2012
Denominator *(thousands)*			
Basic average common shares outstanding	**315,120**	312,402	291,927
Dilutive potential common shares			
Nonqualified stock options	**6**	80	144
Shares contingently issuable under employee stock plans	**1,066**	708	557
Shares restricted under stock plans	**444**	456	544
Forward Agreements [1]	—	—	7,229
Diluted Average Common Shares	**316,636**	313,646	300,401

[1] On September 10, 2012, NiSource settled the Forward Agreements. Amounts included in diluted average common shares for the year ended December 31, 2012 are weighted for the period prior to settlement.

N. Estimated Rate Refunds . Certain rate-regulated subsidiaries collect revenues subject to refund pending final determination in rate proceedings. In connection with such revenues, estimated rate refund liabilities are recorded which reflect management's current judgment of the ultimate outcomes of the proceedings. No provisions are made when, in the opinion of management, the facts and circumstances preclude a reasonable estimate of the outcome.

O. Accounts Receivable Transfer Program. Certain of NiSource's subsidiaries have agreements with third parties to sell certain accounts receivable without recourse. These transfers of accounts receivable are accounted for as secured borrowings. The entire gross receivables balance remains on the December 31, 2014 and 2013 Consolidated Balance Sheets and short-term debt is recorded in the amount of proceeds received from the commercial paper conduits involved in the transactions. Fees associated with the securitization transactions are recorded as interest expense. Refer to Note 17 for further information.

P. Fuel Adjustment Clause. NIPSCO defers most differences between fuel and power purchase costs and the recovery of such costs in revenue, and adjusts future billings for such deferrals on a basis consistent with applicable state-approved tariff provisions.

Q. Gas Cost Adjustment Clause. All of NiSource's Gas Distribution Operations subsidiaries defer most differences between gas purchase costs and the recovery of such costs in revenues, and adjust future billings for such deferrals on a basis consistent with applicable state-approved tariff provisions.

R. Gas Inventory. Both the LIFO inventory methodology and the weighted average cost methodology are used to value natural gas in storage, as approved by regulators for each of NiSource's regulated subsidiaries. Inventory valued using LIFO was $55.1 million and $45.5 million at December 31, 2014 , and 2013 , respectively. Based on the average cost of gas using the LIFO method, the estimated replacement cost of gas in storage was less than the stated LIFO cost by $15.8 million at December 31, 2014 and was greater than the stated LIFO cost by $0.6 million at December 31, 2013 . Inventory valued using the weighted average cost methodology was $390.0 million at December 31, 2014 and $309.1 million at December 31, 2013 .

S. Accounting for Exchange and Balancing Arrangements of Natural Gas. NiSource's Columbia Pipeline Group and Gas Distribution Operations subsidiaries enter into balancing and exchange arrangements of natural gas as part of their operations and off-system sales programs. NiSource records a receivable or payable for its respective cumulative gas imbalances as well as for any gas inventory borrowed or lent under a Gas Distributions Operations exchange agreement. These receivables and payables are recorded as "Exchange gas receivable" or "Exchange gas payable" on NiSource's Consolidated Balance Sheets, as appropriate.

T. Accounting for Emissions Allowances. NIPSCO has obtained SO 2 and NOx emissions allowances from the EPA based upon its electric generation operations that the utility may sell, trade or hold for future use. NIPSCO utilizes the inventory model in accounting for these emissions allowances, whereby these allowances were recognized at zero cost upon receipt from the EPA. Pursuant to the December 21, 2011 IURC Order, all purchases and sales of emission allowances will be recovered or refunded through the EERM.

U. Accounting for Risk Management Activities. NiSource accounts for its derivatives and hedging activities in accordance with ASC 815. NiSource recognizes all derivatives as either assets or liabilities on the Consolidated Balance Sheets at fair value,

unless such contracts are exempted as a normal purchase normal sale under the provisions of the standard. The accounting for changes in the fair value of a derivative depends on the intended use of the derivative and resulting designation. There were no material derivative instruments as of December 31, 2014 and 2013.

V. Income Taxes and Investment Tax Credits. NiSource records income taxes to recognize full interperiod tax allocations. Under the liability method, deferred income taxes are provided for the tax consequences of temporary differences by applying enacted statutory tax rates applicable to future years to differences between the financial statement carrying amounts and the tax basis of existing assets and liabilities. Previously recorded investment tax credits of the regulated subsidiaries were deferred on the balance sheet and are being amortized to book income over the regulatory life of the related properties to conform to regulatory policy.

To the extent certain deferred income taxes of the regulated companies are recoverable or payable through future rates, regulatory assets and liabilities have been established. Regulatory assets for income taxes are primarily attributable to property related tax timing differences for which deferred taxes had not been provided in the past, when regulators did not recognize such taxes as costs in the rate-making process. Regulatory liabilities for income taxes are primarily attributable to the regulated companies' obligation to refund to ratepayers deferred income taxes provided at rates higher than the current federal income tax rate. Such amounts are credited to ratepayers using either the average rate assumption method or the reverse South Georgia method.

Pursuant to the Internal Revenue Code and relevant state taxing authorities, NiSource and its subsidiaries file consolidated income tax returns for federal and certain state jurisdictions. NiSource and its subsidiaries are parties to an agreement (the "Tax Allocation Agreement") that provides for the allocation of consolidated tax liabilities. The Tax Allocation Agreement generally provides that each party is allocated an amount of tax similar to that which would be owed had the party been separately subject to tax. Any net benefit attributable to the parent is reallocated to other members.

W. Environmental Expenditures. NiSource accrues for costs associated with environmental remediation obligations when the incurrence of such costs is probable and the amounts can be reasonably estimated, regardless of when the expenditures are actually made. The undiscounted estimated future expenditures are based on currently enacted laws and regulations, existing technology and estimated site-specific costs where assumptions may be made about the nature and extent of site contamination, the extent of cleanup efforts, costs of alternative cleanup methods and other variables. The liability is adjusted as further information is discovered or circumstances change. The reserves for estimated environmental expenditures are recorded on the Consolidated Balance Sheets in "Legal and environmental reserves" for short-term portions of these liabilities and "Other noncurrent liabilities" for the respective long-term portions of these liabilities. Rate-regulated subsidiaries applying regulatory accounting establish regulatory assets on the Consolidated Balance Sheets to the extent that future recovery of environmental remediation costs is probable through the regulatory process. Refer to Note 18 for further information.

X. Excise Taxes. NiSource accounts for excise taxes that are customer liabilities by separately stating on its invoices the tax to its customers and recording amounts invoiced as liabilities payable to the applicable taxing jurisdiction. These types of taxes, comprised largely of sales taxes collected, are presented on a net basis affecting neither revenues nor cost of sales. NiSource accounts for other taxes for which it is liable by recording a liability for the expected tax with a corresponding charge to "Other taxes" expense.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (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 Consolidated Financial Statements and Notes to Consolidated Financial Statements.

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 Consolidated Financial Statements and Notes to Consolidated Financial Statements.

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 Consolidated Financial Statements and Notes to Consolidated Financial Statements.

3. 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. For the year ended December 31, 2013, an after tax loss of $1.5 million was included in Gain on Disposition of Discontinued Operations, net of taxes in the Statements of Consolidated Income.

In January 2013, NiSource sold the service plan and leasing business lines of its Retail Services business. For the year ended December 31, 2013, an after tax gain of $36.4 million was included in Gain on Disposition of Discontinued Operations, net of taxes in the Statements of Consolidated Income.

Results from discontinued operations are provided in the following table. These results are primarily from NiSource's former exploration and production subsidiary CER, NiSource's Retail Services business and NiSource's unregulated natural gas marketing business. The decrease in net income in 2014 compared to 2013 is primarily due to a prior year settlement at NiSource's former exploration and production subsidiary, CER.

Year Ended December 31, *(in millions)*	**2014**	2013	2012
Net Revenues from Discontinued Operations	**$ —**	$ 2.5	$ 37.1
(Loss) Income from discontinued operations	**(1.0)**	11.6	11.3
Income tax (benefit) expense	**(0.3)**	5.3	4.0
(Loss) Income from Discontinued Operations - net of taxes	**$ (0.7)**	$ 6.3	$ 7.3
Gain on Disposition of Discontinued Operations - net of taxes	**$ —**	$ 34.9	$ —

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

4. Property, Plant and Equipment

NiSource's property, plant and equipment on the Consolidated Balance Sheets are classified as follows:

At December 31, *(in millions)*	2014	2013
Property Plant and Equipment		
Gas Distribution Utility [1]	$ 9,753.9	$ 8,927.4
Gas Transmission Utility	7,181.1	6,669.0
Electric Utility [1]	7,160.0	6,815.0
Common Utility	179.1	163.5
Construction Work in Process	960.7	728.8
Non-Utility and Other [2]	407.3	360.5
Total Property, Plant and Equipment	$ 25,642.1	$ 23,664.2
Accumulated Depreciation and Amortization		
Gas Distribution Utility [1]	$ (2,922.7)	$ (2,868.7)
Gas Transmission Utility	(2,953.5)	(2,879.0)
Electric Utility [1]	(3,596.5)	(3,426.4)
Common Utility	(105.9)	(82.4)
Non-Utility and Other [2]	(46.4)	(42.6)
Total Accumulated Depreciation and Amortization	$ (9,625.0)	$ (9,299.1)
Net Property, Plant and Equipment	$ 16,017.1	$ 14,365.1

[1] NIPSCO's common utility plant and associated accumulated depreciation and amortization are allocated between Gas Distribution Utility and Electric Utility Property, Plant and Equipment.

[2] Non-Utility and Other includes the property, plant and equipment of Columbia Pipeline Group's unregulated businesses.

5. Goodwill and Other Intangible Assets

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 having goodwill assets are Columbia Distribution Operations, Columbia Transmission Operations and NIPSCO Gas Distribution Operations.

NiSource's goodwill assets at December 31, 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 December 31, 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.

In estimating the fair value of the Columbia Transmission Operations and Columbia Distribution Operations reporting units for the May 1, 2012 test, NiSource used a weighted average of the income and market approaches. The income approach utilized a discounted cash flow model. This model was based on management's short-term and long-term forecast of operating performance for each reporting unit. The two main assumptions used in the models were the growth rates, which were based on the cash flows from operations for each of the reporting units, and the weighted average cost of capital, or discount rate. The starting point for each reporting unit's cash flow from operations was the detailed five year plan, which takes into consideration a variety of factors such as the current economic environment, industry trends, and specific operating goals set by management. The discount rates

were based on trends in overall market as well as industry specific variables and include components such as the risk-free rate, cost of debt, and company volatility at May 1, 2012. Under the market approach, NiSource utilized three market-based models to estimate the fair value of the reporting units: (i) the comparable company multiples method, which estimated fair value of each reporting unit by analyzing EBITDA multiples of a peer group of publicly traded companies and applying that multiple to the reporting unit's EBITDA, (ii) the comparable transactions method, which valued the reporting unit based on observed EBITDA multiples from completed transactions of peer companies and applying that multiple to the reporting unit's EBITDA, and (iii) the market capitalization method, which used the NiSource share price and allocated NiSource's total market capitalization among both the goodwill and non-goodwill reporting units based on the relative EBITDA, revenues, and operating income of each reporting unit. Each of the three market approaches were calculated with the assistance of a third-party valuation firm, using multiples and assumptions inherent in today's market. The degree of judgment involved and reliability of inputs into each model were considered in weighting the various approaches. The resulting estimate of fair value of the reporting units, using the weighted average of the income and market approaches, exceeded their carrying values, indicating that no impairment exists under step 1 of the annual impairment test.

Certain key assumptions used in determining the fair values of the reporting units included planned operating results, discount rates and the long-term outlook for growth. In 2012, NiSource used discount rates of 5.60% for both Columbia Transmission Operations and Columbia Distribution Operations, resulting in excess fair values of approximately $1,643.0 million and $1,682.0 million , respectively.

Goodwill at NIPSCO Gas Distribution Operations related to the acquisition of Northern Indiana Fuel and Light and Kokomo Gas of $17.8 million was also tested for impairment as of May 1, 2012. The income approach was used to determine the fair value of the NIPSCO Gas Distribution reporting unit. Key assumptions in the income approach were a discount rate of 5.60% and a growth rate based on the cash flow from operations. These cash flows factor in the regulatory environment and planned growth initiatives. The step 1 goodwill impairment test resulted in the fair value of the NIPSCO Gas Distribution reporting unit to be above the carrying value by $356.0 million .

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 values are less than its carrying amount.

NiSource applied the qualitative step 0 analysis to its reporting units for the annual impairment tests performed as of May 1, 2014 and 2013. 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 these assessments 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 goodwill impairment testing subsequent to May 1, 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 3 for more information.

NiSource's intangible assets, apart from goodwill, consist of franchise rights, which were identified as part of the purchase price allocations associated with the acquisition in February 1999 of Columbia of Massachusetts. These amounts were $264.7 million and $275.7 million , net of accumulated amortization of $177.5 million and $166.5 million , at December 31, 2014 , and 2013 , respectively and are being amortized over forty years from the date of acquisition. NiSource recorded amortization expense of $11.0 million in 2014 , 2013 , and 2012 related to its intangible assets. NiSource expects amortization expense to be $11.0 million a year from 2015-2019.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

6. Asset Retirement Obligations

Changes in NiSource's liability for asset retirement obligations for the years 2014 and 2013 are presented in the table below:

(in millions)	**2014**	2013
Beginning Balance	**$ 174.4**	$ 160.4
Accretion expense	**1.5**	1.2
Accretion recorded as a regulatory asset	**8.2**	8.2
Additions	**2.5**	10.1
Settlements	**(8.8)**	(6.0)
Change in estimated cash flows [1]	**(18.4)**	0.5
Ending Balance	**$ 159.4**	$ 174.4

[1] The change in estimated cash flows for 2014 is primarily attributed to changes in estimated costs and settlement timing for electric generating stations and to retire pipeline.

NiSource has recognized asset retirement obligations associated with various legal obligations including costs to remove and dispose of certain construction materials located within many of NiSource's facilities, certain costs to retire pipeline, removal costs for certain underground storage tanks, removal of certain pipelines known to contain PCB contamination, closure costs for certain sites including ash ponds, solid waste management units and a landfill, as well as some other nominal asset retirement obligations. NiSource recognizes that there are obligations to incur significant costs to retire wells associated with gas storage operations; however, the lives of these wells are indeterminable until management establishes plans for closure. Additionally, NiSource has a significant obligation associated with the decommissioning of its two hydro facilities located in Indiana. These hydro facilities have an indeterminate life, and no asset retirement obligation has been recorded.

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 and other removal costs on the Consolidated Balance Sheets.

7. Regulatory Matters

Regulatory Assets and Liabilities

NiSource follows the accounting and reporting requirements of ASC Topic 980, which provides that regulated entities account for and report assets and liabilities consistent with the economic effect of regulatory rate-making procedures if the rates established are designed to recover the costs of providing the regulated service and it is probable that such rates can be charged and collected. Certain expenses and credits subject to utility regulation or rate determination normally reflected in income or expense are deferred on the balance sheet and are recognized in the income statement as the related amounts are included in service rates and recovered from or refunded to customers.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

Regulatory assets were comprised of the following items:

At December 31, *(in millions)*		2014		2013
Assets				
Unrecognized pension benefit and other postretirement benefit costs (see Note 10)	$	**1,031.2**	$	842.2
Other postretirement costs		**57.7**		67.7
Environmental costs (see Note 18-D)		**65.9**		68.7
Regulatory effects of accounting for income taxes (see Note 1-V)		**239.7**		266.8
Underrecovered gas and fuel costs (see Note 1-P and 1-Q)		**32.0**		46.4
Depreciation (see Note 1-H)		**116.4**		113.6
Uncollectible accounts receivable deferred for future recovery		**26.1**		10.5
Post-in-service carrying charges		**87.8**		73.1
EERM operation and maintenance and depreciation deferral		**31.1**		5.9
Sugar Creek carrying charges and deferred depreciation (see Note 1-H)		**42.5**		56.8
DSM Program		**37.9**		27.8
Other		**153.6**		131.9
Total Assets	$	**1,921.9**	$	1,711.4
Less amounts included as Underrecovered gas and fuel cost		**(32.0)**		(46.4)
Total Regulatory Assets reflected in Current Regulatory Assets and Other Regulatory Assets	$	**1,889.9**	$	1,665.0

Regulatory liabilities were comprised of the following items:

At December 31, *(in millions)*		2014		2013
Liabilities				
Overrecovered gas and fuel costs (see Notes 1-P and 1-Q)	$	**45.6**	$	32.2
Cost of removal (see Note 6)		**1,445.9**		1,435.2
Regulatory effects of accounting for income taxes (see Note 1-V)		**53.2**		60.4
Unrecognized pension benefit and other postretirement benefit costs (see Note 10)		**18.4**		49.4
Other postretirement costs		**149.3**		111.9
Other		**69.4**		73.1
Total Liabilities	$	**1,781.8**	$	1,762.2
Less amounts included as Overrecovered gas and fuel cost		**(45.6)**		(32.2)
Total Regulatory Liabilities reflected in Current Regulatory Liabilities and Other Regulatory Liabilities and Other Removal Costs	$	**1,736.2**	$	1,730.0

Regulatory assets, including underrecovered gas and fuel cost, of approximately $1,127.0 million as of December 31, 2014 are not earning a return on investment. Regulatory assets of approximately $1,738.0 million include expenses that are recovered as components of the cost of service and are covered by regulatory orders. These costs are recovered over a remaining life of up to 41 years. Regulatory assets of approximately $183.9 million at December 31, 2014 , require specific rate action.

As noted below, regulatory assets for which costs have been incurred or accrued are included (or expected to be included, for costs incurred subsequent to the most recently approved rate case) in certain companies' rate base, thereby providing a return on invested costs. Certain regulatory assets do not result from cash expenditures and therefore do not represent investments included in rate base or have offsetting liabilities that reduce rate base.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

Assets:

Unrecognized pension benefit and other postretirement benefit costs – In 2007, NiSource adopted certain updates of ASC 715 which required, among other things, the recognition in other comprehensive income or loss of the actuarial gains or losses and the prior service costs or credits that arise during the period but that are not immediately recognized as components of net periodic benefit costs. Certain subsidiaries defer the costs as a regulatory asset in accordance with regulatory orders or as a result of regulatory precedent, to be recovered through base rates.

Other postretirement costs – Primarily comprised of costs approved through rate orders to be collected through future base rates, revenue riders or tracking mechanisms.

Environmental costs – Includes certain recoverable costs of investigating, testing, remediating and other costs related to gas plant sites, disposal sites or other sites onto which material may have migrated. Certain companies defer the costs as a regulatory asset in accordance with regulatory orders, to be recovered in future base rates, billing riders or tracking mechanisms.

Regulatory effects of accounting for income taxes – Represents the deferral and under collection of deferred taxes in the rate making process. In prior years, NiSource has lowered customer rates in certain jurisdictions for the benefits of accelerated tax deductions. Amounts are expensed for financial reporting purposes as NiSource recovers deferred taxes in the rate making process.

Underrecovered gas and fuel costs – Represents the difference between the costs of gas and fuel and the recovery of such costs in revenue, and is used to adjust future billings for such deferrals on a basis consistent with applicable state-approved tariff provisions. Recovery of these costs is achieved through tracking mechanisms.

Depreciation – Primarily relates to the difference between the depreciation expense recorded by Columbia of Ohio due to a regulatory order and the depreciation expense recorded in accordance with GAAP. The regulatory asset is currently being amortized over the life of the assets. Also included is depreciation associated with the Columbia of Ohio IRP program and capital expenditure program. Recovery of these costs is achieved through base rates and rider mechanisms. Refer to Note 1-H for more information.

Uncollectible accounts receivable deferred for future recovery – Represents the difference between certain uncollectible expenses and the recovery of such costs to be collected through cost tracking mechanisms per regulatory orders.

Post-in-service carrying charges – Columbia of Ohio has approval from the PUCO by regulatory order to defer debt-based post-in-service carrying charges as a regulatory asset for future recovery. As such, Columbia of Ohio defers a debt-based carrying charge on eligible property, plant and equipment from the time it is placed into utility service until recovery of the property, plant and equipment is included in customer rates in base rates or through a rider mechanism. Inclusion in customer rates generally occurs when Columbia of Ohio files its next rate proceeding following the in-service date of the property, plant and equipment.

EERM operation and maintenance and depreciation deferral – NIPSCO obtained approval from the IURC to recover certain environmental related costs including operation and maintenance and depreciation expense once the environmental facilities become operational. Recovery of these costs will continue until such assets are included in rate base through an electric base rate case. The EERM deferred charges represent expenses that will be recovered from customers through an annual EERM Cost Tracker which authorizes the collection of deferred balances over a twelve month period.

Sugar Creek carrying charges and deferred depreciation – The IURC approved the deferral of debt-based carrying charges and the deferral of depreciation expense for the Sugar Creek assets. NIPSCO continued to defer such amounts until new electric rates were approved and implemented on December 27, 2011. Balances are being amortized over five years beginning January 2012. As of December 31, 2014 , the remaining unamortized balance is $28.6 million . An additional $13.9 million is deferred for consideration in NIPSCO's next electric rate case. Management believes this amount is probable of recovery through future rates.

DSM Program - Represents costs associated with Gas Distribution Operations and Electric Operations companies' energy efficiency and conservation programs. Costs are recovered through tracking mechanisms.

Liabilities:

Overrecovered gas and fuel costs – Represents the difference between the costs of gas and fuel and the recovery of such costs in revenues, and is the basis to adjust future billings for such recoveries on a basis consistent with applicable state-approved tariff provisions. Refunding of these revenues is achieved through tracking mechanisms.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

Cost of removal – Represents anticipated 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 for future costs to be incurred.

Regulatory effects of accounting for income taxes – Represents amounts owed to customers for deferred taxes collected at a higher rate than the current statutory rates and liabilities associated with accelerated tax deductions owed to customers that are established during the rate making process.

Unrecognized pension benefit and other postretirement benefit costs – In 2007, NiSource adopted certain updates of ASC 715 which required, among other things, the recognition in other comprehensive income or loss of the actuarial gains or losses and the prior service costs or credits that arise during the period but that are not immediately recognized as components of net periodic benefit costs. Certain subsidiaries defer the costs as a regulatory liability in accordance with regulatory orders or as a result of regulatory precedent, to be refunded through base rates.

Other postretirement costs – Primarily represents cash contributions in excess of postretirement benefit expense that is deferred as a regulatory liability by certain subsidiaries in accordance with regulatory orders.

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 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 January 28, 2015, the IURC issued an order approving NIPSCO's gas TDSIC-1 and a revised gas TDSIC seven-year plan of eligible investments for a total of approximately $840 million with the IURC.

On June 18, 2013, NIPSCO, the OUCC and other customer stakeholder groups filed a unanimous agreement with the IURC to extend NIPSCO's 2010 natural gas customer rate settlement through 2020. The Settlement Agreement was approved by order issued on August 28, 2013 with the requirement that, on or before November 2020, NIPSCO must file a general rate case.

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. The Notice of Intent states that Columbia of Ohio will file its application by February 28, 2015, in which it will request authority to increase revenues by approximately $31.8 million .

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 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 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 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 November 30, 2012, 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, 2013 and indicated that Columbia of Ohio is seeking to

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

increase revenues by approximately $29 million . A stipulation resolving all issues was filed on April 9, 2013, and a hearing was held on April 11, 2013. On April 24, 2013, the PUCO approved the stipulation.

On December 24, 2012, Columbia of Ohio filed an application for authority to continue its capital expenditure program in 2013 and succeeding years, and for the authority to defer the related post in-service carrying charges, depreciation expense, and property taxes on the assets of the capital expenditure program placed into service. As of December 31, 2014, Columbia of Ohio has deferred $28.8 million related to the program.

On May 29, 2013, Columbia of Kentucky filed an application with the Kentucky PSC requesting an increase of approximately $16.6 million in base rate revenues, the use of a forecasted test period and a revenue normalization adjustment to recognize changes in customer usage not included in Columbia of Kentucky's current weather normalization adjustment. A stipulation, signed by all parties and resolving all issues, was filed on November 5, 2013. On December 13, 2013, the Kentucky PSC issued an order approving the stipulation providing for, among other terms, an increase of $7.7 million in revenues using a forecasted test year, a recovery of Columbia of Kentucky's investment in its pipeline replacement program on a forecasted basis, and continuation of Columbia of Kentucky's CHOICE program for three years. New rates were effective December 29, 2013.

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 was 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's request for rate relief included the recovery of costs that were 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 September 5, 2014, the parties to the rate case filed a joint petition, seeking approval of a full settlement, including an increase to annual base revenues of $32.5 million . On November 12, 2014, the Pennsylvania PUC approved the settlement and new rates went into effect on December 20, 2014.

On September 28, 2012, Columbia of Pennsylvania filed a base rate case with the Pennsylvania PUC, seeking a revenue increase of approximately $77.3 million annually and providing three options for residential rate design in order to mitigate revenue volatility associated with usage based rates. Columbia of Pennsylvania was the first utility in Pennsylvania to seek Pennsylvania PUC approval to design rates to recover costs that were 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. Accordingly, Columbia of Pennsylvania's filing sought to implement rates in July 2013 under which Columbia of Pennsylvania would immediately begin to recover costs that were projected for the twelve-month period ending June 30, 2014. On March 15, 2013, the parties to the rate case filed a joint petition formally seeking Pennsylvania PUC approval of a settlement featuring a revenue increase of $55.3 million annually and the implementation of a Weather Normalization Adjustment, whereby residential charges are adjusted in the event of winter temperatures that deviate from historic norms by plus or minus five percent. The Pennsylvania PUC issued an order approving the settlement on May 23, 2013, and new rates went into effect July 1, 2013.

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 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 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 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 GAF as approved, subject to further review and reconciliation by the Massachusetts DPU, for the 2014-2015 Peak Period.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

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 September 3, 2013, Columbia of Massachusetts and the Massachusetts Office of the Attorney General filed a Joint Motion for Approval of a Settlement Agreement with the Massachusetts DPU which resolves issues related to the disposition of revenues realized by Columbia of Massachusetts in 2005 from MASSPOWER's buy-out of a special contract with Columbia of Massachusetts, and which were at that time pending before the Massachusetts DPU in D.P.U. 10-10. The Settlement Agreement proposed to return $8.9 million to the customers of Columbia of Massachusetts in the form of a Distribution Rate Credit on their bills during the period November 1, 2013 through April 30, 2014. On October 16, 2013, the DPU issued an order approving the Settlement Agreement.

On March 7, 2013, the Massachusetts DPU issued its final order approving $10.5 million of decoupling revenues for Columbia of Massachusetts' 2012-2013 Peak Period RDAF that was effective November 1, 2012 through April 30, 2013.

On April 13, 2012, Columbia of Massachusetts submitted a filing with the Massachusetts DPU requesting an annual revenue requirement increase of $29.2 million which was subsequently adjusted to $27.4 million . Columbia of Massachusetts filed using a historic test year ended December 31, 2011. Additionally, Columbia of Massachusetts proposed "rate-year, rate base" treatment for recovery of defined capital expenditures beyond the end of the historic test year, as well as expansion of eligible facilities to be recovered through modification to the TIRF. The Massachusetts DPU issued an order on November 1, 2012 approving an annual revenue increase of $7.8 million , effective November 1, 2012, rejecting the rate-year, rate-base proposal, but approving the expansion of eligible facilities to be recovered through the TIRF.

On August 2, 2013, Columbia of Massachusetts filed its 2013-2014 Peak Period LDAF and on September 16, 2013, Columbia of Massachusetts filed its 2013 Pension Expense Factor and its 2013 Residential Assistance Adjustment Factor, each with a proposed effective date of November 1, 2013. The 2013-2014 Peak Period LDAF of $59.0 million was approved on October 30, 2013, for effect November 1, 2013. The 2013 Pension Expense Factor and 2013 Residential Assistance Adjustment Factor, components of the LDAF, were approved subject to further investigation and reconciliation.

On August 2, 2012, Columbia of Massachusetts filed its 2012-2013 Peak Period LDAF and on September 14, 2012, Columbia of Massachusetts filed its 2012 Pension Expense Factor and 2012 Residential Assistance Adjustment Factor, each with a proposed effective date of November 1, 2012. The 2012-2013 Peak Period LDAF of $33.0 million effective November 1, 2012 was approved on October 31, 2012. The 2012 Pension Expense Factor and 2012 Residential Assistance Adjustment Factor components of the LDAF were approved subject to further investigation and reconciliation.

On February 27, 2013, Columbia of Maryland filed a base rate case with the Maryland PSC, seeking a revenue increase of approximately $5.3 million annually and seeking to implement a residential Revenue Normalization Adjustment in order to decouple revenues from customer usage and seeking to recover costs for environmental remediation associated with a former manufactured gas plant operated by a Columbia of Maryland predecessor in Hagerstown, Maryland, where a Columbia of Maryland service center is currently located. Hearings were held in June 2013. On September 23, 2013, the Maryland PSC issued an order that approved an annual revenue increase of $3.6 million , as well as Columbia of Maryland's proposed revenue normalization adjustment. The Maryland PSC permitted recovery of environmental remediation costs for the service center property, but denied recovery of the costs to acquire and remediate the adjacent property. On October 23, 2013, Columbia of Maryland filed a Petition with the Circuit Court for Washington County, Maryland, seeking Judicial Review of the denial of the costs to acquire and remediate the adjacent property. On May 28, 2014, the Circuit Court denied Columbia of Maryland's Petition. On June 20, 2014, Columbia of Maryland filed a Notice of Appeal, and the matter is currently pending before the Maryland Court of Special Appeals. New rates went into effect on September 25, 2013.

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

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

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.

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 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.

As further discussed above, NIPSCO has approval from the IURC to recover certain costs for transmission, distribution and storage system improvements. On January 28, 2015, the IURC issued an order approving NIPSCO's gas TDSIC-1. The Order approved $4.4 million of net capital expenditures for the period ended June 30, 2014 and granted ratemaking relief and accounting treatment.

Columbia Pipeline Group Operations Regulatory Matters

Columbia Transmission Customer Settlement. On January 24, 2013, the FERC approved the Settlement. In March 2013, Columbia Transmission paid $88.1 million in refunds to customers pursuant to the Settlement with its customers in conjunction with its comprehensive interstate natural gas pipeline modernization program. The refunds were made as part of the Settlement, which included a $50.0 million refund to max rate contract customers and a base rate reduction retroactive to January 1, 2012. Columbia Transmission expects to invest approximately $1.5 billion over a five-year period, which began in 2013, to modernize its system to improve system integrity and enhance service reliability and flexibility. The Settlement with firm customers includes an initial five-year term with provisions for potential extensions thereafter.

The Settlement also provided for a depreciation rate reduction to 1.5% and elimination of negative salvage rate effective January 1, 2012 and for a second base rate reduction, which began January 1, 2014, which equates to approximately $25 million in revenues annually thereafter.

The Settlement includes a CCRM, a tracker mechanism that will allow Columbia Transmission to recover, through an additive capital demand rate, its revenue requirement for capital investments made under Columbia Transmission's long-term plan to modernize its interstate transmission system. The CCRM provides for a 14% revenue requirement with a portion designated as a recovery of increased taxes other than income taxes. The additive demand rate is earned on costs associated with projects placed into service by October 31 each year. The initial additive demand rate was effective on February 1, 2014. The CCRM will give Columbia Transmission the opportunity to recover its revenue requirement associated with a $1.5 billion investment in the modernization program. The CCRM recovers the revenue requirement associated with qualifying modernization costs that Columbia Transmission incurs after satisfying the requirement associated with $100 million in annual maintenance capital expenditures. The CCRM applies to Columbia Transmission's transportation shippers. The CCRM will not exceed $300 million per year in investment in eligible facilities, subject to a 15% annual tolerance and a total cap of $1.5 billion for the entire five-year initial term.

On January 29, 2015, Columbia Transmission received FERC approval of its December 2014 filing to recover costs associated with the second year of its comprehensive system modernization program. Total program adjusted spend to date is $618.1 million . The program includes replacement of bare steel and wrought iron pipeline and compressor facilities, enhancements to system inspection capabilities and improvements in control systems.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

Cost Recovery Trackers and other similar mechanisms. 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 7 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, environmental, 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.

Electric Operations Regulatory Matters

Significant Rate Developments . As part of a multi-state effort to strengthen the electric transmission system serving the Midwest, NIPSCO is currently investing in two projects that were authorized by the MISO and are scheduled to be in service during the latter part of the decade. 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 the 100-mile, 345 kV transmission project and its right to develop 50 percent of the 66-mile, 765 kV project. On December 19, 2012, the FERC issued an order authorizing NIPSCO's request to transition to forward looking rates, allowing more timely recovery of NIPSCO's investment in transmission assets. On August 22, 2012, the IURC issued an order authorizing NIPSCO to retain certain revenues under MISO Schedule 26-A. 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 twelve months ended December 31, 2014 and 2013, revenue of $8.3 million and $2.4 million , respectively, was recorded.

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 it 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. NIPSCO recorded a liability of $1.0 million related to the complaint and will continue to adjust the reserve for ongoing activity.

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, described above. 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 25, 2014, NIPSCO's requested TDSIC factors were approved on an interim basis and subject to refund pending the outcome the appeals of the Commission's February 17, 2014 Orders.

On December 18, 2013, the IURC issued an Order approving NIPSCO's proposed electric energy efficiency programs and budgets through December 31, 2014, including authorization to use its energy efficiency recovery mechanism to recover costs and lost margins for 2014. On November 12, 2014, the IURC issued an Order approving NIPSCO's 2015 proposed electric energy efficiency programs along with the continued authority to defer and recover the related 2015 program costs estimated to be $18.6 million .

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 29, 2014, the IURC issued an order on ECR-24 approving NIPSCO's request to begin earning a return on $658.4 million of net capital expenditures for the period ended June 30, 2014. On January 30, 2015, NIPSCO filed ECR-25 which included $734.0 million of net capital expenditures for the period ended December 31, 2014.

On October 10, 2013, the IURC issued an order approving NIPSCO's MATS Compliance Projects. Refer to Note 18-D for additional information on the MATS rule. The Order approved estimated capital costs of $59.3 million and granted the requested ratemaking relief and accounting treatment associated with these projects through the annual EERM and semi-annual ECRM tracker filings. On January 30, 2015, NIPSCO filed a revised MATS capital cost estimate of $48.5 million . An order is expected during the second quarter of 2015.

On March 22, 2011, NIPSCO filed a petition with the IURC for a certificate of public convenience and necessity and associated relief for the construction of additional environmental projects required to comply with the NOV consent decree lodged in the United States District Court for the Northern District of Indiana on January 13, 2011 and EPA Regulations. This petition was trifurcated into three separate phases. On December 28, 2011, February 15, 2012 and September 5, 2012, the IURC issued orders approving estimated project costs of approximately $800.0 million and granting the requested ratemaking and accounting relief associated with these projects through annual and semi-annual tracker filings.

As further discussed above, 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.

8. Variable Interest Entities and Equity Method Investments

A. Variable Interest Entities . In general, a VIE is an entity which (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 other 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. These 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. Services under this contract commenced on July 1, 1992 and expired on June 30, 2012. The agreement was renewed effective July 1, 2012 for ten years and NIPSCO will continue to pay for the services under a combination of fixed and variable charges. 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 $ 23.0 million and $ 23.6 million for the years ended December 31, 2014 and 2013 , respectively. In accordance with GAAP, the renewed agreement was evaluated to determine whether the arrangement qualifies as a lease. Based on the terms of the agreement, the arrangement qualified for capital lease accounting. As the effective date of the new agreement was July 1, 2012, NiSource capitalized this lease beginning in the third quarter of 2012.

B. Equity Method Investments . Certain investments of NiSource are accounted for under the equity method of accounting. Income and losses from Millennium, Hardy Storage and Pennant are reflected in Equity Earnings in Unconsolidated Affiliates on NiSource's Statements of Consolidated Income. These investments are integral to the Columbia Pipeline Group Operations business. Income and losses from all other equity investments are reflected in Other, net on NiSource's Statements of Consolidated Income. All investments shown as limited partnerships are limited partnership interests.

The following is a list of NiSource's equity method investments at December 31, 2014 :

Investee	Type of Investment	% of Voting Power or Interest Held
The Wellingshire Joint Venture	General Partnership	50.0%
Hardy Storage Company, L.L.C.	LLC Membership	50.0%
Pennant Midstream, L.L.C.	LLC Membership	50.0%
Millennium Pipeline Company, L.L.C.	LLC Membership	47.5%
House Investments - Midwest Corporate Tax Credit Fund, L.P.	Limited Partnership	12.2%
Nth Power Technologies Fund II, L.P.	Limited Partnership	4.2%
Nth Power Technologies Fund II-A, L.P.	Limited Partnership	4.2%
Nth Power Technologies Fund IV, L.P.	Limited Partnership	1.8%

As the Millennium, Hardy Storage and Pennant investments are considered integral to the Columbia Pipeline Group Operations business, the following table contains condensed summary financial data. These investments are accounted for under the equity method of accounting and, therefore, are not consolidated into NiSource's Consolidated Balance Sheets and Statements of Consolidated Income. These investments are recorded within Unconsolidated affiliates on the Consolidated Balance Sheets and NiSource's portion of the results is reflected in Equity Earnings in Unconsolidated Affiliates on the Statements of Consolidated Income.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

Given the immaterial nature of the other equity method investments, a condensed summary of financial data was determined not to be necessary.

Year Ended December 31, *(in millions)*	**2014**	2013	2012
Millennium			
Statement of Income Data:			
Net Revenues	**$ 190.5**	$ 157.8	$ 152.3
Operating Income	**128.8**	101.3	97.7
Net Income	**89.6**	63.0	57.1
Balance Sheet Data:			
Total Assets	**1,048.4**	1,072.1	1,047.1
Total Liabilities	**610.9**	658.5	674.1
Total Members' Equity	**437.5**	413.6	373.0
Hardy Storage			
Statement of Income Data:			
Net Revenues	**$ 23.6**	$ 24.4	$ 24.4
Operating Income	**16.1**	16.5	16.4
Net Income	**10.6**	10.6	10.0
Balance Sheet Data:			
Total Assets	**169.4**	172.7	173.8
Total Liabilities	**94.5**	104.0	109.4
Total Members' Equity	**74.9**	68.7	64.4
Pennant			
Statement of Income Data:			
Net Revenues	**$ 8.5**	$ 2.0	$ —
Operating (Loss) Income	**(2.4)**	1.3	—
Net (Loss) Income	**(2.4)**	1.3	—
Balance Sheet Data:			
Total Assets	**403.7**	266.0	47.4
Total Liabilities	**8.6**	11.4	2.0
Total Members' Equity	**395.1**	254.6	45.4

Equity in the retained earnings of Millennium, Hardy Storage and Pennant at December 31, 2014 was $ 27.0 million , $ 12.8 million and $0.5 million , respectively.

Contributions made to Millennium were $2.6 million , $16.6 million and $17.5 million for 2014 , 2013 and 2012 , respectively. Millennium distributed $ 35.6 million , $ 29.0 million and $31.4 million of earnings to Columbia Transmission during 2014 , 2013 and 2012 , respectively.

Hardy Storage distributed $ 2.2 million , $ 3.1 million and $3.5 million of earnings to NiSource during 2014 , 2013 and 2012 , respectively. No contributions were made to Hardy Storage.

Contributions made to Pennant were $ 66.6 million , $ 108.9 million and $ 2.9 million for 2014 , 2013 and 2012 , respectively. No distributions have been received from Pennant.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

9. Income Taxes

The components of income tax expense were as follows:

Year Ended December 31, *(in millions)*	**2014**	2013	2012
Income Taxes			
Current			
Federal	**$ —**	$ (15.9)	$ (85.8)
State	**11.3**	(9.6)	7.8
Total Current	**11.3**	(25.5)	(78.0)
Deferred			
Federal	**262.3**	265.8	279.9
State	**40.4**	25.5	16.9
Total Deferred	**302.7**	291.3	296.8
Deferred Investment Credits	**(3.6)**	(3.9)	(4.1)
Income Taxes from Continuing Operations	**$ 310.4**	$ 261.9	$ 214.7

Total income taxes from continuing operations were different from the amount that would be computed by applying the statutory federal income tax rate to book income before income tax. The major reasons for this difference were as follows:

Year Ended December 31, *(in millions)*	**2014**		2013		2012	
Book income from Continuing Operations before income taxes	**$ 841.1**		$ 752.8		$ 623.5	
Tax expense at statutory federal income tax rate	**294.4**	**35.0 %**	263.5	35.0 %	218.3	35.0 %
Increases (reductions) in taxes resulting from:						
State income taxes, net of federal income tax benefit	**33.6**	**4.0**	10.5	1.4	15.9	2.5
Regulatory treatment of depreciation differences	**0.7**	**0.1**	0.3	—	(6.1)	(0.9)
Amortization of deferred investment tax credits	**(3.6)**	**(0.4)**	(3.9)	(0.5)	(4.1)	(0.7)
Nondeductible expenses	**1.7**	**0.2**	3.2	0.4	1.9	0.3
Employee Stock Ownership Plan Dividends	**(3.8)**	**(0.5)**	(3.6)	(0.5)	(3.4)	(0.5)
AFUDC-Equity	**(7.2)**	**(0.9)**	(6.5)	(0.8)	(3.1)	(0.5)
Tax accrual adjustments and other, net	**(5.4)**	**(0.6)**	(1.6)	(0.2)	(4.7)	(0.8)
Income Taxes from Continuing Operations	**$ 310.4**	**36.9 %**	$ 261.9	34.8 %	$ 214.7	34.4 %

The effective income tax rates were 36.9% , 34.8% and 34.4% in 2014 , 2013 and 2012 , respectively. The 2.1% increase in the overall effective tax rate in 2014 versus 2013 was primarily the result of a $7.1 million increase due to Indiana state taxes discussed below, $5.5 million Pennsylvania regulatory changes discussed below, and $4.1 million additional deferred state income tax related to corporate restructuring.

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.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (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 of NiSource. 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. NiSource recorded the effects of ATRA in the first quarter 2013. On December 19, 2014, the President signed into law the Tax Increase Prevention Act (TIPA). TIPA extended and modified 50% bonus depreciation for 2014. NiSource recorded the effects of TIPA in the fourth quarter 2014. In general, 50% bonus depreciation is available for property placed in service before January 1, 2015, or in the case of certain property having longer production periods, before January 1, 2016. The retroactive extension of the research credit did not have a significant effect on net income.

As a result of a Pennsylvania PUC Order dated May 23, 2013, Columbia of Pennsylvania adjusted the flow through in rates of tax benefits so that the unamortized balance of a change in accounting method for certain capitalized costs of approximately $8.2 million at June 30, 2013 would be amortized through December 2016 . The amortization of excess tax benefits was $9.5 million in 2013 and $4.0 million in 2014. On a prospective basis, Columbia of Pennsylvania will recognize deferred tax expense rather than flow through in rates the tax benefits resulting from this method change.

Tangible Property Regulations and Repairs

On December 27, 2011, the United States Treasury Department and the IRS issued temporary and proposed regulations effective for years beginning on or after January 1, 2012 that, among other things, provided guidance on whether expenditures qualified as deductible repairs (the "Tangible Property Regulations"). In addition to repairs related rules, the proposed and temporary regulations provided additional guidance related to capitalization of tangible property. Among other things, these rules provide guidance for the treatment of materials and supplies, dispositions of property, and related elections. On March 15, 2012, the IRS issued a directive to discontinue exam activity related to positions on this issue taken on original tax returns for years beginning before January 1, 2012 (commonly referred to as the "Stand-down Position").

On October 2, 2012 and later incorporated by reference in the Revenue Agent's Report dated November 14, 2012 for the 2008 to 2010 tax years, NiSource received an audit adjustment that adopted the Stand-down Position. The effect of this adjustment is to allow the repairs claims as filed and to defer review until a new method is adopted in 2012 or a subsequent acceptable year.

On November 20, 2012, the Treasury Department and IRS issued Notice 2012-73, which in relevant part stated that (i) final regulations would be issued in 2013, and (ii) the final regulations will contain changes from the temporary regulations. The Notice in essence defers the requirement of adopting the temporary regulations until 2013 and the final regulations until 2014.

On September 13, 2013, the IRS and U.S. Treasury issued final regulations on the deductibility and capitalization of expenditures related to tangible property, generally effective for tax years beginning on or after January 1, 2014. Taxpayers may elect early adoption of the regulations for the 2012 or 2013 tax year. NiSource does not plan to early adopt the regulations. The final regulations do not impact the effect of Revenue Procedure 2013-24 issued on April 30, 2013 which provided guidance for repairs related to generation property. Among other things, the Revenue Procedure listed units of property and material components of units of property for purposes of analyzing repair versus capitalization issues. NiSource will likely adopt this Revenue Procedure for income tax filings for 2014. NiSource has evaluated the impact of the final regulations and Revenue Procedure and has determined that they do not materially affect the financial statements.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

Deferred income taxes result from temporary differences between the financial statement carrying amounts and the tax basis of existing assets and liabilities. The principal components of NiSource's net deferred tax liability were as follows:

At December 31, *(in millions)*	2014	2013
Deferred tax liabilities		
Accelerated depreciation and other property differences	**$ 4,199.9**	$ 3,811.5
Unrecovered gas and fuel costs	**11.4**	9.4
Other regulatory assets	**673.3**	659.2
Premiums and discounts associated with long-term debt	**12.5**	11.4
Total Deferred Tax Liabilities	**4,897.1**	4,491.5
Deferred tax assets		
Deferred investment tax credits and other regulatory liabilities	**(196.0)**	(205.4)
Cost of removal	**(527.7)**	(531.6)
Pension and other postretirement/postemployment benefits	**(167.6)**	(167.8)
Environmental liabilities	**(51.8)**	(51.3)
Net operating loss carryforward and AMT credit carryforward	**(433.9)**	(343.4)
Other accrued liabilities	**(60.3)**	(29.1)
Other, net	**(70.3)**	(60.4)
Total Deferred Tax Assets	**(1,507.6)**	(1,389.0)
Net Deferred Tax Liabilities	**3,389.5**	3,102.5
Less: Deferred income taxes related to current assets and liabilities	**(272.1)**	(175.3)
Non-Current Deferred Tax Liability	**$ 3,661.6**	$ 3,277.8

State income tax net operating loss benefits were recorded at their realizable value. NiSource anticipates it is more likely than not that it will realize $35.0 million and $39.8 million of these benefits as of December 31, 2014 and December 31, 2013 , respectively, prior to their expiration. The remaining net operating loss carry forward represents a Federal carry forward of $388.4 million that will expire in 2033 and an Alternative Minimum Tax credit of $10.5 million that will carry forward indefinitely. The state amounts are primarily for Indiana, Pennsylvania, and West Virginia. The loss carryforward periods expire in various tax years from 2025 through 2034 .

A reconciliation of the beginning and ending amounts of unrecognized tax benefits is as follows:

Reconciliation of Unrecognized Tax Benefits *(in millions)*	2014	2013	2012
Unrecognized Tax Benefits - Opening Balance	**$ 23.8**	$ 28.5	$ 105.3
Gross increases - tax positions in prior period	**—**	1.6	0.2
Gross decreases - tax positions in prior period	**(1.1)**	(21.4)	(85.4)
Gross increases - current period tax positions	**1.7**	15.1	8.4
Unrecognized Tax Benefits - Ending Balance	**$ 24.4**	$ 23.8	$ 28.5
Offset for outstanding IRS refunds	**—**	—	(16.0)
Offset for net operating loss carryforwards	**(24.2)**	(23.0)	(10.2)
Balance - Net of Refunds and NOL Carryforwards	**$ 0.2**	$ 0.8	$ 2.3

Based upon its intent to comply with Internal Revenue Procedures, Tangible Property Regulations and the Stand-down Position audit adjustment, NiSource determined that the unrecognized tax benefit associated with the requested change in tax accounting method filed for 2008 related to electric generation and gas transmission and distribution required a re-measurement under the provisions of ASC 740. Therefore, in the fourth quarter of 2012 NiSource recognized an income tax receivable of $85.7 million related to the 2008 and 2009 tax years and increases in net operating loss carryforwards of $6.8 million for the tax years 2010-2012,

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

previously unrecognized. The recognition of the receivables and net operating loss carryforwards did not materially affect tax expense or net income. The IRS issued Revenue Procedure 2013-24 on April 30, 2013, which provided guidance for repairs related to generation property. Among other things, the Revenue Procedure listed units of property and material components of units of property for purposes of analyzing repair versus capitalization issues. NiSource will likely adopt this Revenue Procedure for income tax filings for 2014. NiSource has evaluated and recorded the effect of the change in method enabled by this Revenue Procedure as of December 31, 2013.

In 2010, NiSource received permission to change its method of accounting for capitalizing overhead costs. The Company recorded an unrecognized tax benefit related to this uncertain tax position of $17.6 million in 2010. In 2011, this estimate was revised to $19.9 million . In 2012, the IRS completed fieldwork for the audit for the years 2008-2010, pending Joint Committee review. The Company revised the unrecognized tax benefit related to this issue to incorporate 2012 activity. At December 31, 2012, the unrecognized tax benefits were $21.1 million . This issue was resolved in 2013.

Offsetting the liability for unrecognized tax benefits are $24.2 million of related outstanding tax receivables and net operating loss carryforwards resulting in a net balance of $0.2 million , including interest, related to the tax method change issues.

Except as discussed above, there have been no other material changes in 2014 to NiSource's uncertain tax positions recorded as of December 31, 2013 .

The total amount of unrecognized tax benefits at December 31, 2014 , 2013 and 2012 that, if recognized, would affect the effective tax rate is $4.1 million , $4.0 million and $2.2 million , respectively. As of December 31, 2014, it is reasonably possible that a $24.4 million decrease in unrecorded tax benefits could occur in 2015 due primarily to the conclusion of the federal audit for 2011 through 2014. As of December 31, 2013, NiSource did not anticipate any significant changes to its liabilities for unrecognized tax benefits over the twelve months ended December 31, 2014. As of December 31, 2012, it was reasonably possible that a $20.5 million decrease in unrecorded tax benefits could occur in 2013 due primarily to Joint Committee Taxation review of the 2008-2010 federal audit. The results of the review are described above.

NiSource recognizes accrued interest on unrecognized tax benefits, accrued interest on other income tax liabilities, and tax penalties in income tax expense. With respect to its unrecognized tax benefits, NiSource recorded $(0.1) million , $(0.8) million and $0.2 million in interest expense in the Statements of Consolidated Income for the years ended December 31, 2014 , 2013 and 2012 , respectively. For December 31, 2014, there are no accruals for interest payable on unrecognized tax benefits on its Consolidated Balance Sheets. For the years ended December 31, 2013 and 2012 , NiSource reported $0.1 million and $0.9 million , respectively, of accrued interest payable on unrecognized tax benefits on its Consolidated Balance Sheets. There were no accruals for penalties recorded in the Statement of Consolidated Income for the years ended December 31, 2014 , 2013 and 2012 and there were no balances for accrued penalties recorded on the Consolidated Balance Sheets as of December 31, 2014 and December 31, 2013 .

NiSource is subject to income taxation in the United States and various state jurisdictions, primarily Indiana, West Virginia, Virginia, Pennsylvania, Kentucky, Massachusetts, Louisiana, Mississippi, Maryland, Tennessee, New Jersey and New York.

Because NiSource is part of the IRS's Large and Mid-Size Business program, each year's federal income tax return is typically audited by the IRS. As of December 31, 2014, tax years through 2010 have been audited and are effectively closed to further assessment, except for immaterial carryforward amounts. The audit of tax years 2011 and 2012 began in the first quarter of 2013. NiSource is also involved in the Compliance Assurance Program in 2013, with partial acceptance by the IRS, and 2014.

The statute of limitations in each of the state jurisdictions in which NiSource operates remain open until the years are settled for federal income tax purposes, at which time amended state income tax returns reflecting all federal income tax adjustments are filed. As of December 31, 2014 , there were no state income tax audits in progress that would have a material impact on the consolidated financial statements.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

10. Pension and Other Postretirement Benefits

NiSource provides defined contribution plans and noncontributory defined benefit retirement plans that cover certain of 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.

NiSource Pension and Other Postretirement Benefit Plans' Asset Management . NiSource employs a total return investment approach whereby a mix of equities and fixed income investments are used to maximize the long-term return of plan assets for a prudent level of risk. Risk tolerance is established through careful consideration of plan liabilities, plan funded status, and asset class volatility. The investment portfolio contains a diversified blend of equity and fixed income investments. Furthermore, equity investments are diversified across U.S. and non-U.S. stocks, as well as growth, value, small and large capitalizations. Other assets such as private equity funds are used judiciously to enhance long-term returns while improving portfolio diversification. Derivatives may be used to gain market exposure in an efficient and timely manner; however, derivatives may not be used to leverage the portfolio beyond the market value of the underlying assets. Investment risk is measured and monitored on an ongoing basis through quarterly investment portfolio reviews, annual liability measurements, and periodic asset/liability studies.

NiSource utilizes a building block approach with proper consideration of diversification and rebalancing in determining the long-term rate of return for plan assets. Historical markets are studied and long-term historical relationships between equities and fixed income are analyzed to ensure that they are consistent with the widely accepted capital market principle that assets with higher volatility generate greater return over the long run. Current market factors such as inflation and interest rates are evaluated before long-term capital market assumptions are determined. Peer data and historical returns are reviewed to check for reasonability and appropriateness.

The most important component of an investment strategy is the portfolio asset mix, or the allocation between the various classes of securities available to the pension and other postretirement benefit plans for investment purposes. The asset mix and acceptable minimum and maximum ranges established for the NiSource plan assets represents a long-term view and are listed in the following table.

In 2012, a dynamic asset allocation policy for the pension fund was approved. This policy calls for a gradual reduction in the allocation to return-seeking assets (equities, real estate, private equity and hedge funds) and a corresponding increase in the allocation to liability-hedging assets (fixed income) as the funded status of the plans increase above 90% (as measured by the projected benefit obligations of the qualified pension plans divided by the market value of qualified pension plan assets). The asset mix and acceptable minimum and maximum ranges established by the policy for the pension fund at the pension plans funded status on December 31, 2014 are as follows:

Asset Mix Policy of Funds:

	Defined Benefit Pension Plan		Postretirement Benefit Plan	
Asset Category	**Minimum**	**Maximum**	**Minimum**	**Maximum**
Domestic Equities	25%	45%	35%	55%
International Equities	15%	25%	15%	25%
Fixed Income	23%	37%	20%	50%
Real Estate/Private Equity/Hedge Funds	0%	15%	0%	0%
Short-Term Investments	0%	10%	0%	10%

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

Pension Plan and Postretirement Plan Asset Mix at December 31, 2014 and December 31, 2013 :

(in millions)	Defined Benefit Pension Assets December 31, 2014		Postretirement Benefit Plan Assets December 31, 2014	
Asset Class	**Asset Value**	**% of Total Assets**	**Asset Value**	**% of Total Assets**
Domestic Equities	$ 957.2	41.1%	$ 219.6	47.2%
International Equities	420.5	18.1%	85.6	18.4%
Fixed Income	802.4	34.4%	158.6	34.1%
Real Estate/Private Equity/Hedge Funds	117.6	5.0%	—	—
Cash/Other	32.6	1.4%	1.2	0.3%
Total	**$ 2,330.3**	100.0%	**$ 465.0**	100.0%

(in millions)	Defined Benefit Pension Assets December 31, 2013		Postretirement Benefit Plan Assets December 31, 2013	
Asset Class	**Asset Value**	**% of Total Assets**	**Asset Value**	**% of Total Assets**
Domestic Equities	$ 914.9	40.4%	$ 218.0	48.0%
International Equities	472.5	20.8%	86.4	19.0%
Fixed Income	638.1	28.1%	131.8	29.0%
Real Estate/Private Equity/Hedge Funds	125.9	5.6%	—	—
Cash/Other	115.9	5.1%	18.0	4.0%
Total	**$ 2,267.3**	100.0%	**$ 454.2**	100.0%

The categorization of investments into the asset classes in the table above are based on definitions established by the NiSource Benefits Committee.

Fair Value Measurements. The following table sets forth, by level within the fair value hierarchy, the Master Trust and OPEB investment assets at fair value as of December 31, 2014 and 2013 . Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. Total Master Trust and OPEB investment assets at fair value classified within Level 3 were $117.0 million and $124.7 million as of December 31, 2014 and December 31, 2013 , respectively. Such amounts were approximately 4% and 5% of the Master Trust and OPEB's total investments as reported on the statement of net assets available for benefits at fair value as of December 31, 2014 and 2013 , respectively.

Valuation Techniques Used to Determine Fair Value:

Level 1 Measurements

Most common and preferred stock are traded in active markets on national and international securities exchanges and are valued at closing prices on the last business day of each period presented. Cash is stated at cost which approximates their fair value, with the exception of cash held in foreign currencies which fluctuates with changes in the exchange rates. Government bonds, short-term bills and notes are priced based on quoted market values.

Level 2 Measurements

Most U.S. Government Agency obligations, mortgage/asset-backed securities, and corporate fixed income securities are generally valued by benchmarking model-derived prices to quoted market prices and trade data for identical or comparable securities. To the extent that quoted prices are not available, fair value is determined based on a valuation model that includes inputs such as interest rate yield curves and credit spreads. Securities traded in markets that are not considered active are

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

valued based on quoted market prices, broker or dealer quotations, or alternative pricing sources with reasonable levels of price transparency. Other fixed income includes futures and options which are priced on bid valuation or settlement pricing.

Commingled funds that hold underlying investments that have prices which are derived from the quoted prices in active markets are classified as Level 2. The funds' underlying assets are principally marketable equity and fixed income securities. Units held in commingled funds are valued at the unit value as reported by the investment managers. The fair value of the investments in commingled funds has been estimated using the net asset value per share of the investments.

Level 3 Measurements

Commingled funds that hold underlying investments that have prices which are not derived from the quoted prices in active markets are classified as Level 3. The respective fair values of these investments are determined by reference to the funds' underlying assets, which are principally marketable equity and fixed income securities. Units held in commingled funds are valued at the unit value as reported by the investment managers. These investments are often valued by investment managers on a periodic basis using pricing models that use market, income, and cost valuation methods.

The hedge funds of funds invest in several strategies including fundamental long/short, relative value, and event driven. Hedge fund of fund investments may be redeemed annually, usually with 100 days' notice. Private equity investment strategies include buy-out, venture capital, growth equity, distressed debt, and mezzanine debt. Private equity investments are held through limited partnerships.

Limited partnerships are valued at estimated fair market value based on their proportionate share of the partnership's fair value as recorded in the partnerships' audited financial statements. Partnership interests represent ownership interests in private equity funds and real estate funds. Real estate partnerships invest in natural resources, commercial real estate and distressed real estate. The fair value of these investments is determined by reference to the funds' underlying assets, which are principally securities, private businesses, and real estate properties. The value of interests held in limited partnerships, other than securities, is determined by the general partner, based upon third-party appraisals of the underlying assets, which include inputs such as cost, operating results, discounted cash flows and market based comparable data. Private equity and real estate limited partnerships typically call capital over a 3 to 5 year period and pay out distributions as the underlying investments are liquidated. The typical expected life of these limited partnerships is 10-15 years and these investments typically cannot be redeemed prior to liquidation.

For the year ended December 31, 2014 , there were no significant changes to valuation techniques to determine the fair value of NiSource's pension and other postretirement benefits' assets.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

Fair Value Measurements at December 31, 2014 :

(in millions)	December 31, 2014	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Pension plan assets:				
Cash	$ 17.1	$ 17.1	$ —	$ —
Equity securities				
U.S. equities	0.4	0.4	—	—
International equities	134.5	133.9	0.6	—
Fixed income securities				
Government	118.4	104.6	13.8	—
Corporate	257.0	—	257.0	—
Mortgages/Asset backed securities	2.7	—	2.7	—
Other fixed income	0.6	—	—	0.6
Commingled funds				
Short-term money markets	32.6	—	32.6	—
U.S. equities	957.2	—	957.2	—
International equities	279.9	—	279.9	—
Fixed income	409.0	—	409.0	—
Private equity limited partnerships				
U.S. multi-strategy [1]	56.2	—	—	56.2
International multi-strategy [2]	35.3	—	—	35.3
Distressed opportunities	7.6	—	—	7.6
Real estate	17.3	—	—	17.3
Pension plan assets subtotal	2,325.8	256.0	1,952.8	117.0
Other postretirement benefit plan assets:				
Commingled funds				
Short-term money markets	1.6	—	1.6	—
U.S. equities	29.8	—	29.8	—
Mutual funds				
U.S. equities	189.8	189.8	—	—
International equities	85.6	85.6	—	—
Fixed income	158.2	158.2	—	—
Other postretirement benefit plan assets subtotal	465.0	433.6	31.4	—
Due to brokers, net [3]	(0.6)			
Accrued investment income/dividends	4.6			
Receivables/payables	0.5			
Total pension and other post-retirement benefit plan assets	$ 2,795.3	$ 689.6	$ 1,984.2	$ 117.0

[1] This class includes limited partnerships/fund of funds that invest in a diverse portfolio of private equity strategies, including buy-outs, venture capital, growth capital, special situations and secondary markets, primarily inside the United States.

[2] This class includes limited partnerships/fund of funds that invest in diverse portfolio of private equity strategies, including buy-outs, venture capital, growth capital, special situations and secondary markets, primarily outside the United States.

[3] This class represents pending trades with brokers.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

The table below sets forth a summary of changes in the fair value of the Plan's Level 3 assets for the year ended December 31, 2014 :

	Balance at January 1, 2014	Total gains or losses (unrealized / realized)	Purchases	(Sales)	Transfers into/(out of) level 3	Balance at December 31, 2014
Fixed income securities						
Mortgages/Asset backed securities	$ 0.1	$ —	$ —	$ (0.1)	$ —	$ —
Other fixed income	—	0.3	0.3	—	—	0.6
Private equity limited partnerships						
U.S. multi-strategy	57.9	2.7	2.5	(6.9)	—	56.2
International multi-strategy	38.2	(0.4)	0.5	(3.0)	—	35.3
Distressed opportunities	8.9	0.5	0.1	(1.9)	—	7.6
Real estate	19.6	2.3	0.1	(4.7)	—	17.3
Total	$ 124.7	$ 5.4	$ 3.5	$ (16.6)	$ —	$ 117.0

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

Fair Value Measurements at December 31, 2013 :

(in millions)	December 31, 2013	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Pension plan assets:				
Cash	$ 9.2	$ 9.2	$ —	$ —
Equity securities				
U.S. equities	329.7	329.7	—	—
International equities	155.4	154.1	1.3	—
Fixed income securities				
Government	125.2	84.3	40.9	—
Corporate	166.6	—	166.6	—
Mortgages/Asset backed securities	61.5	—	61.4	0.1
Other fixed income	0.3	—	0.3	—
Commingled funds				
Short-term money markets	81.2	—	81.2	—
U.S. equities	574.9	—	574.9	—
International equities	313.9	—	313.9	—
Fixed income	283.5	—	283.5	—
Private equity limited partnerships				
U.S. multi-strategy [1]	57.9	—	—	57.9
International multi-strategy [2]	38.2	—	—	38.2
Distressed opportunities	8.9	—	—	8.9
Real Estate	19.6	—	—	19.6
Pension plan assets subtotal	2,226.0	577.3	1,524.0	124.7
Other postretirement benefit plan assets:				
Commingled funds				
Short-term money markets	18.3	—	18.3	—
U.S. equities	29.6	—	29.6	—
Mutual funds				
U.S. equities	188.4	188.4	—	—
International equities	86.4	86.4	—	—
Fixed income	131.5	131.5	—	—
Other postretirement benefit plan assets subtotal	454.2	406.3	47.9	—
Due to brokers, net [3]	(10.4)			
Accrued investment income/dividends	3.8			
Receivables/payables [4]	47.9			
Total pension and other post-retirement benefit plan assets	$ 2,721.5	$ 983.6	$ 1,571.9	$ 124.7

[1] This class includes limited partnerships/fund of funds that invest in a diverse portfolio of private equity strategies, including buy-outs, venture capital, growth capital, special situations and secondary markets, primarily in the United States.

[2] This class includes limited partnerships/fund of funds that invest in a diverse portfolio of private equity strategies, including buy-outs, venture capital, growth capital, special situations and secondary markets, primarily outside the United States.

[3] This class represents pending trades with brokers.

[4] Reflects $48.1 million in December 31, 2013 hedge funds redemptions in which cash has not been received. These hedge fund investments had previously been included as level 3 investments prior to the redemptions.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

The table below sets forth a summary of changes in the fair value of the Plan's Level 3 assets for the year ended December 31, 2013 :

	Balance at January 1, 2013	Total gains or losses (unrealized / realized)	Purchases	(Sales)	Transfers into/(out of) level 3	Balance at December 31, 2013
Fixed income securities						
Government	$ 0.4	$ —	$ —	$ (0.4)	$ —	$ —
Mortgages/Asset backed securities	0.2	—	0.1	—	(0.2)	0.1
Other fixed income	—	—	0.4	(0.4)	—	—
Commingled funds						
Fixed income	104.6	2.0	—	(106.6)	—	—
Hedge fund of funds						
Multi-strategy	52.5	0.2	—	(52.7)	—	—
Equities-market neutral	31.5	(0.1)	—	(31.4)	—	—
Private equity limited partnerships						
U.S. multi-strategy	62.3	0.5	3.3	(8.2)	—	57.9
International multi-strategy	43.4	(3.0)	0.9	(3.1)	—	38.2
Distress opportunities	11.5	0.5	—	(3.1)	—	8.9
Real estate	20.3	2.1	—	(2.8)	—	19.6
Total	$ 326.7	$ 2.2	$ 4.7	$ (208.7)	$ (0.2)	$ 124.7

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

NiSource Pension and Other Postretirement Benefit Plans' Funded Status and Related Disclosure . The following table provides a reconciliation of the plans' funded status and amounts reflected in NiSource's Consolidated Balance Sheets at December 31 based on a December 31 measurement date:

	Pension Benefits		Other Postretirement Benefits	
(in millions)	**2014**	2013	**2014**	2013
Change in projected benefit obligation [1]				
Benefit obligation at beginning of year	**$ 2,528.2**	$ 2,792.0	**$ 714.2**	$ 840.1
Service cost	**34.8**	36.4	**8.5**	12.1
Interest cost	**109.0**	98.9	**30.1**	32.2
Plan participants' contributions	**—**	—	**9.1**	6.9
Plan amendments	**0.6**	1.4	**(41.5)**	9.7
Actuarial loss (gain)	**272.1**	(175.9)	**47.6**	(136.3)
Settlement loss	**—**	7.8	**—**	—
Benefits paid	**(193.3)**	(232.4)	**(53.7)**	(51.0)
Estimated benefits paid by incurred subsidy	**—**	—	**1.7**	0.5
Projected benefit obligation at end of year	**$ 2,751.4**	$ 2,528.2	**$ 716.0**	$ 714.2
Change in plan assets				
Fair value of plan assets at beginning of year	**$ 2,267.3**	$ 2,161.0	**$ 454.2**	$ 377.6
Actual return on plan assets	**200.4**	289.4	**20.3**	66.4
Employer contributions	**55.9**	49.3	**35.1**	54.3
Plan participants' contributions	**—**	—	**9.1**	6.9
Benefits paid	**(193.3)**	(232.4)	**(53.7)**	(51.0)
Fair value of plan assets at end of year	**$ 2,330.3**	$ 2,267.3	**$ 465.0**	$ 454.2
Funded Status at end of year	**$ (421.1)**	$ (260.9)	**$ (251.0)**	$ (260.0)
Amounts recognized in the statement of financial position consist of:				
Current liabilities	**(3.5)**	(3.4)	**(0.6)**	(0.7)
Noncurrent liabilities	**(417.6)**	(257.5)	**(250.4)**	(259.3)
Net amount recognized at end of year [2]	**$ (421.1)**	$ (260.9)	**$ (251.0)**	$ (260.0)
Amounts recognized in accumulated other comprehensive income or regulatory asset/liability [3]				
Unrecognized prior service credit	**$ (3.5)**	$ (3.9)	**$ (49.2)**	$ (12.0)
Unrecognized actuarial loss	**1,009.8**	804.5	**95.5**	31.9
	$ 1,006.3	$ 800.6	**$ 46.3**	$ 19.9

[1] The change in benefit obligation for Pension Benefits represents the change in Projected Benefit Obligation while the change in benefit obligation for Other Postretirement Benefits represents the change in Accumulated Postretirement Benefit Obligation.

[2] NiSource recognizes in its Consolidated Balance Sheets the underfunded and overfunded status of its various defined benefit postretirement plans, measured as the difference between the fair value of the plan assets and the benefit obligation.

[3] NiSource determined that for certain rate-regulated subsidiaries the future recovery of pension and other postretirement benefits costs is probable. These rate-regulated subsidiaries recorded regulatory assets and liabilities of $1,031.2 million and $18.4 million , respectively, as of December 31, 2014 , and $842.2 million and $49.4 million , respectively, as of December 31, 2013 that would otherwise have been recorded to accumulated other comprehensive loss.

NiSource's accumulated benefit obligation for its pension plans was $2,732.3 million and $2,511.9 million as of December 31, 2014 and 2013 , respectively. The accumulated benefit obligation as of a date is the actuarial present value of benefits attributed by the pension benefit formula to employee service rendered prior to that date and based on current and past compensation levels. The accumulated benefit obligation differs from the projected benefit obligation disclosed in the table above in that it includes no assumptions about future compensation levels.

NiSource pension plans were underfunded by $421.1 million at December 31, 2014 compared to being underfunded at December 31, 2013 by $260.9 million . The decline in the funded status was due primarily to a decrease in the discount rate from the prior measurement date and the implementation of new mortality assumptions released by the Society of Actuaries in 2014, offset by

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

increased employer contributions. NiSource contributed $55.9 million and $49.3 million to its pension plans in 2014 and 2013 , respectively.

NiSource's funded status for its other postretirement benefit plans improved by $9.0 million to an underfunded status of $251.0 million primarily due to plan amendments in 2014 offset by a decrease in the discount rate from the prior measurement date. NiSource contributed approximately $35.1 million and $54.3 million to its other postretirement benefit plans in 2014 and 2013 , respectively. No amounts of NiSource's pension or other postretirement benefit plans' assets are expected to be returned to NiSource or any of its subsidiaries in 2015.

In 2013, NiSource pension plans had year to date lump sum payouts exceeding the plan's 2013 service cost plus interest cost and, therefore, settlement accounting was required. A settlement charge of $33.4 million was recorded in 2013. Net periodic pension benefit cost for 2013 was decreased by $3.6 million as a result of the interim remeasurements.

The following table provides the key assumptions that were used to calculate the pension and other postretirement benefits obligations for NiSource's various plans as of December 31:

	Pension Benefits		Other Postretirement Benefits	
	2014	2013	**2014**	2013
Weighted-average assumptions to Determine Benefit Obligation				
Discount Rate	**3.81%**	4.50%	**3.94%**	4.75%
Rate of Compensation Increases	**4.00%**	4.00%	—	—
Health Care Trend Rates				
Trend for Next Year	—	—	**6.90%**	7.09%
Ultimate Trend	—	—	**4.50%**	4.50%
Year Ultimate Trend Reached	—	—	**2021**	2021

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one-percentage-point change in assumed health care cost trend rates would have the following effects:

(in millions)	1% point increase	1% point decrease
Effect on service and interest components of net periodic cost	$ 3.5	$ (2.9)
Effect on accumulated postretirement benefit obligation	45.1	(38.7)

NiSource expects to make contributions of approximately $3.5 million to its pension plans and approximately $34.8 million to its postretirement medical and life plans in 2015 .

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

The following table provides benefits expected to be paid in each of the next five fiscal years, and in the aggregate for the five fiscal years thereafter. The expected benefits are estimated based on the same assumptions used to measure NiSource's benefit obligation at the end of the year and includes benefits attributable to the estimated future service of employees:

(in millions)	Pension Benefits	Other Postretirement Benefits	Federal Subsidy Receipts
Year(s)			
2015	$ 207.0	$ 47.4	$ 1.5
2016	214.3	47.4	1.5
2017	215.5	47.1	1.5
2018	218.5	47.8	1.4
2019	220.0	47.9	1.4
2020-2024	1,064.1	233.6	5.8

The following table provides the components of the plans' net periodic benefits cost for each of the three years ended December 31, 2014 , 2013 and 2012 :

	Pension Benefits			Other Postretirement Benefits		
(in millions)	**2014**	2013	2012	**2014**	2013	2012
Components of Net Periodic Benefit Cost (Income)						
Service cost	**$ 34.8**	$ 36.4	$ 37.7	**$ 8.5**	$ 12.1	$ 11.2
Interest cost	**109.0**	98.9	112.8	**30.1**	32.2	37.5
Expected return on assets	**(181.1)**	(168.1)	(164.6)	**(36.8)**	(30.3)	(26.7)
Amortization of transitional obligation	**—**	—	—	**—**	0.5	1.2
Amortization of prior service cost (credit)	**0.2**	0.3	0.2	**(4.3)**	(0.7)	0.3
Recognized actuarial loss	**47.5**	77.8	81.2	**0.4**	11.0	9.4
Net Periodic Benefit Costs	**10.4**	45.3	67.3	**(2.1)**	24.8	32.9
Additional loss recognized due to:						
Settlement loss	**—**	33.4	1.9	**—**	—	—
Total Net Periodic Benefits Cost (Income)	**$ 10.4**	$ 78.7	$ 69.2	**$ (2.1)**	$ 24.8	$ 32.9

The decrease of $68.3 million in net periodic benefit cost related to pension in 2014 compared to 2013 is due primarily to no settlement charge in 2014 compared to 2013 and favorable asset returns. For its other postretirement benefit plans, NiSource recognized $2.1 million in net periodic benefit income in 2014 compared to net periodic benefit cost of $24.8 million in 2013 due primarily to plan amendments in 2014, favorable asset returns, claims experience and an increase in the discount rate in 2014 compared to 2013 .

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

The following table provides the key assumptions that were used to calculate the net periodic benefits cost for NiSource's various plans:

	Pension Benefits			Other Postretirement Benefits		
	2014	2013	2012	**2014**	2013	2012
Weighted-average Assumptions to Determine Net Periodic Benefit Cost						
Discount Rate	**4.50%**	3.63%	4.60%	**4.75%**	3.95%	4.88%
Expected Long-Term Rate of Return on Plan Assets	**8.30%**	8.30%	8.30%	**8.14%**	8.14%	8.13%
Rate of Compensation Increases	**4.00%**	4.00%	4.00%	—	—	—

NiSource believes it is appropriate to assume an 8.30% and 8.14% rate of return on pension and other postretirement plan assets, respectively, for its calculation of 2014 pension benefits cost. This is primarily based on asset mix and historical rates of return.

The following table provides other changes in plan assets and projected benefit obligations recognized in other comprehensive income or regulatory asset or liability:

	Pension Benefits		Other Postretirement Benefits	
(in millions)	**2014**	2013	**2014**	2013
Other Changes in Plan Assets and Projected Benefit Obligations Recognized in Other Comprehensive Income or Regulatory Asset or Liability				
Settlements	**$ —**	$ (33.4)	**$ —**	$ —
Net prior service cost (credit)	**0.6**	1.4	**(41.5)**	(6.0)
Net actuarial loss (gain)	**252.8**	(289.4)	**64.0**	(172.4)
Less: amortization of transitional (asset)/obligation	**—**	—	**—**	(0.5)
Less: amortization of prior service (credit) cost	**(0.2)**	(0.3)	**4.3**	0.7
Less: amortization of net actuarial (gain) loss	**(47.5)**	(77.8)	**(0.4)**	(11.0)
Total Recognized in Other Comprehensive Income or Regulatory Asset or Liability	**$ 205.7**	$ (399.5)	**$ 26.4**	$ (189.2)
Amount Recognized in Net Periodic Benefits Cost and Other Comprehensive Income or Regulatory Asset or Liability	**$ 216.1**	$ (320.8)	**$ 24.3**	$ (164.4)

Based on a December 31 measurement date, the net unrecognized actuarial loss, unrecognized prior service cost (credit), and unrecognized transition obligation that will be amortized into net periodic benefit cost during 2015 for the pension plans are $63.3 million , $(0.5) million and zero , respectively, and for other postretirement benefit plans are $4.3 million , $(5.6) million and zero , respectively.

11. Authorized Classes of Cumulative Preferred and Preference Stocks

NiSource has 20,000,000 authorized shares of Preferred Stock with a $0.01 par value, of which 4,000,000 shares are designated Series A Junior Participating Preferred Shares.

The authorized classes of par value and no par value cumulative preferred and preference stocks of NIPSCO are as follows: 2,400,000 shares of Cumulative Preferred with a $100 par value; 3,000,000 shares of Cumulative Preferred with no par value; 2,000,000 shares of Cumulative Preference with a $50 par value; and 3,000,000 shares of Cumulative Preference with no par value.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

As of December 31, 2014 , NiSource and NIPSCO had no preferred shares outstanding. All of NiSource's retained earnings at December 31, 2014 are free of restrictions.

12. Common Stock

As of December 31, 2014 , NiSource had 400,000,000 authorized shares of common stock with a $0.01 par value.

Common Stock Dividend. Holders of shares of NiSource's common stock are entitled to receive dividends when, as and if declared by the Board out of funds legally available. The policy of the Board has been to declare cash dividends on a quarterly basis payable on or about the 20th day of February, May, August and November. NiSource has paid quarterly common dividends totaling $1.02 , $0.98 and $0.94 per share for the years ended December 31, 2014 , 2013 and 2012 , respectively. At its January 30, 2015 meeting, the Board declared a quarterly common dividend of $0.26 per share, payable on February 20, 2015 to holders of record on February 9, 2015 . NiSource has certain debt covenants which could potentially limit the amount of dividends the Company could pay in order to maintain compliance with these covenants. Refer to Note 14 for more information. As of December 31, 2014 , these covenants did not restrict the amount of dividends that were available to be paid.

Dividend Reinvestment and Stock Purchase Plan. NiSource offers a Dividend Reinvestment and Stock Purchase Plan which allows participants to reinvest dividends and make voluntary cash payments to purchase additional shares of common stock on the open market.

Forward Agreements. On September 14, 2010, NiSource and Credit Suisse Securities (USA) LLC, as forward seller, closed an underwritten registered public offering of 24,265,000 shares of NiSource's common stock. All of the shares sold were borrowed and delivered to the underwriters by the forward seller. In connection with the public offering, NiSource entered into forward sale agreements ("Forward Agreements") with an affiliate of the forward seller covering an aggregate of 24,265,000 shares of NiSource's common stock. On September 10, 2012, NiSource settled the Forward Agreements by physically delivering the 24,265,000 shares of NiSource common stock and receiving cash proceeds of $339.1 million . Cash proceeds related to the settlement of the Forward Agreements are recorded in the issuance of common stock line in the financing activities section of the Statement of Consolidated Cash Flows for the period ended December 31, 2012. Additionally, refer to Note 1-M for information regarding the dilutive impact to EPS of the Forward Agreements.

13. 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"), 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 December 31, 2014 , there were 6,264,223 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 the 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 $34.2 million , $20.7 million and $17.8 million , during 2014 , 2013 and 2012 , respectively, as well as related tax benefits of $12.6 million , $7.2 million and $6.1 million , respectively.

As of December 31, 2014 , the total remaining unrecognized compensation cost related to nonvested awards amounted to $23.0 million , which will be amortized over the weighted-average remaining requisite service period of 2.1 years.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

Stock Options. Option grants may be awarded with an exercise price equal to the average of the high and low market price on the day of the grant. As of December 31, 2014 , the weighted average remaining contractual life of the options outstanding and exercisable was less than 0.1 years. Stock option transactions for the year ended December 31, 2014 were as follows:

	Options	Weighted Average Option Price ($)
Outstanding at December 31, 2013	409,218	22.53
Granted	—	—
Exercised	(390,218)	22.52
Cancelled	—	—
Outstanding at December 31, 2014	19,000	22.62
Exercisable at December 31, 2014	19,000	22.62

No options were granted during the years ended December 31, 2014 , 2013 and 2012 . As of December 31, 2014 , the aggregate intrinsic value for the options outstanding and exercisable was $0.4 million . During 2014 , 2013 , and 2012 , cash received from the exercise of options was $8.8 million , $25.4 million , and $27.5 million , respectively.

Restricted Stock Units and Restricted Stock . In 2014 , NiSource granted restricted stock units and shares of restricted stock of 158,633 , subject to service conditions. The total grant date fair value of the shares of restricted stock units and shares of restricted stock was $5.2 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 December 31, 2014 , 143,633 nonvested (all of which are expected to vest) restricted stock units and shares of restricted stock were granted and outstanding for the 2014 award.

In 2013 , NiSource granted restricted stock units and shares of restricted stock of 69,651 , subject to service conditions. The total grant date fair value of the restricted stock units and shares of restricted stock was $1.8 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. As of December 31, 2014 , 58,701 nonvested (all of which are expected to vest) restricted stock units and shares of restricted stock were granted and outstanding for the 2013 award.

In 2012 , NiSource granted restricted stock units and shares of restricted stock of 226,431 , subject to service conditions. The total grant date fair value of the restricted stock units and shares of restricted stock was $5.1 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. As of December 31, 2014 , 104,995 nonvested (all of which are expected to vest) restricted stock units and shares of restricted stock were granted and outstanding for the 2012 award.

If the employee terminates employment before the service conditions lapse under the 2012, 2013 and 2014 awards due to (1) Retirement or Disability (as defined in the award agreement), or (2) death, the service conditions will lapse on the date of such termination with respect to a pro rata portion of the restricted stock units and shares of restricted stock. In the event of a Change-in-Control (as defined in the award agreement), all unvested shares of restricted stock and restricted stock units awarded prior to 2014 will immediately vest and all unvested shares of restricted stock and restricted stock units awarded in 2014 will immediately vest upon termination of employment occurring 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.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

	Restricted Stock Units	Weighted Average Grant Date Fair Value ($)
Nonvested at December 31, 2013	361,736	21.55
Granted	158,633	32.93
Forfeited	(88,819)	19.70
Vested	(124,221)	17.75
Nonvested and Expected to Vest at December 31, 2014	**307,329**	**27.92**

Performance Shares . In 2014 , NiSource granted 535,037 performance shares subject to performance and service 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 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, for the three-year period ending December 31, 2016; 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. As of December 31, 2014 , 520,956 nonvested performance shares were granted and outstanding of the 2014 award.

In 2013 , NiSource granted 664,776 performance shares subject to performance and service conditions. The grant date fair-value of the awards was $15.7 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 three year requisite service period. The performance conditions are based on achievement of certain non-GAAP financial measures: cumulative net operating earnings, which NiSource defines as income from continuing operations adjusted for certain items; and cumulative funds from operations, which NiSource defines as net operating cash flows provided by continuing operations, in each case for the three-year period ending December 31, 2015; 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 beginning December 31, 2011 and ending on December 31, 2014) compared to the total shareholder return performance of a predetermined peer group of companies. The service conditions lapse on January 30, 2016 when the shares vest provided the performance criteria are satisfied. As of December 31, 2014 , 576,852 nonvested performance shares were granted and outstanding of the 2013 award.

In 2012 , NiSource granted 772,128 performance shares subject to performance and service conditions. The grant date fair-value of the awards was $16.0 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 non-GAAP financial measures: cumulative net operating earnings, which NiSource defines as income from continuing operations adjusted for certain items; cumulative funds from operations, which NiSource defines as net operating cash flows provided by continuing operations; and total debt that NiSource defines as total debt adjusted for significant movement in natural gas prices and other adjustments determined by the Board. The service conditions lapse on January 30, 2015 when the shares vest provided the performance criteria are satisfied. As of December 31, 2014 , 630,047 nonvested performance shares were granted and outstanding for the 2012 award.

If the employee terminates employment before the performance and service conditions lapse under the 2012, 2013 and 2014 awards 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.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

	Contingent Awards	Weighted Average Grant Date Fair Value ($)
Nonvested at December 31, 2013	1,974,337	20.17
Granted	535,037	31.08
Forfeited	(177,160)	22.55
Vested	(604,359)	16.00
Nonvested and Expected to Vest at December 31, 2014	**1,727,855**	**24.80**

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 December 31, 2014 , 163,857 restricted stock units are outstanding to non-employee directors under the Omnibus Plan.

Only restricted stock units remain outstanding under the prior plan for non-employee directors, the Director Plan. All such awards are fully vested and shall be distributed to the directors upon their separation from the Board. As of December 31, 2014 , 145,143 restricted stock units remain 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 years ended December 31, 2014 , 2013 and 2012 , NiSource recognized 401(k) match, profit sharing and non-elective contribution expense of $38.1 million , $30.0 million and $27.3 million , respectively.

14. Long-Term Debt

NiSource Finance is a 100% owned, consolidated finance subsidiary of NiSource that engages in financing activities to raise funds for the business operations of NiSource and its subsidiaries. NiSource Finance was incorporated in March 2000 under the laws of the state of Indiana. Prior to 2000, the function of NiSource Finance was performed by Capital Markets. NiSource Finance obligations are fully and unconditionally guaranteed by NiSource. Consequently, no separate financial statements for NiSource Finance are required to be reported. No other NiSource subsidiaries guarantee debt.

During 2014, NiSource Finance negotiated a $ 750.0 million term loan and redeemed $ 500.0 million of long-term debt securities. These transactions are detailed as follows:

- 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. Contemporaneous with this redemption, $500.0 million of associated fixed-to-floating interest rate swaps expired.

During 2013, NiSource Finance issued $1.3 billion of long-term debt securities, increased its term loan borrowings by $75.0 million and redeemed $420.3 million of long-term debt securities, while NIPSCO redeemed a total of $68.0 million of medium-term notes and pollution control bonds. These transactions are detailed as follows:

- On October 10, 2013, NiSource Finance issued $500.0 million of 5.65% senior unsecured notes that mature on February 1, 2045 .

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

- On August 19, 2013, NIPSCO redeemed $30.0 million of 7.16% medium term notes.
- On July 22, 2013, NIPSCO redeemed $5.0 million of 7.21% medium term notes.
- On July 8, 2013, NIPSCO redeemed $15.0 million of 7.35% medium term notes.
- On June 3, 2013, NIPSCO redeemed $18.0 million of 5.20% pollution control bonds.
- On April 15, 2013, NiSource Finance amended the term loan to add an additional lender to the syndicate of banks, increased the borrowing capacity under the term loan by $75.0 million to a total of $325.0 million and extended the maturity date to April 15, 2016 . Borrowings under the term loan carried an interest rate of BBA LIBOR plus 125 basis points during 2013. Effective with Moody's credit rating upgrade on January 31, 2014, NiSource's credit spread on the term loan is 100 basis points.
- On April 12, 2013, NiSource Finance issued $750.0 million of 4.80% senior unsecured notes that mature on February 15, 2044 .
- On March 1, 2013, NiSource Finance redeemed $420.3 million of 6.15% senior unsecured notes.

In the following table are the outstanding long-term debt maturities at December 31, 2014 . The long-term debt maturities shown below include capital lease obligations and the debt of certain low-income housing real estate investments. NiSource does not guarantee the long-term debt obligations of the low-income housing real estate investments.

Year Ending December 31, *(in millions)*		
2015	$	266.6
2016		757.5
2017		1,350.3
2018		811.1
2019		552.6
After		4,734.3
Total [(1)]	$	8,472.4

[(1)] This amount excludes $49.9 million of unamortized discount and premium.

Unamortized debt expense, premium and discount on long-term debt applicable to outstanding bonds are being amortized over the life of such bonds. Reacquisition premiums have been deferred and are being amortized.

Of NiSource's long-term debt outstanding at December 31, 2014 , $109.0 million was issued by NiSource's subsidiary, Capital Markets. The financial obligations of Capital Markets are subject to a Support Agreement between NiSource and Capital Markets, under which NiSource has committed to make payments of interest and principal on Capital Markets' obligations in the event of a failure to pay by Capital Markets. Under the terms of the Support Agreement, in addition to the cash flow from cash dividends paid to NiSource by any of its consolidated subsidiaries, the assets of NiSource, other than the stock and assets of NIPSCO, are available as recourse for the benefit of Capital Markets' creditors. The carrying value of the NiSource assets, excluding the assets of NIPSCO, was $18.2 billion at December 31, 2014 .

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 December 31, 2014 , the ratio was 62% .

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.

15. Short-Term Borrowings

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. At December 31, 2014 , NiSource had $500.0 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, RBS and Wells Fargo. Commercial paper issuances are supported by available capacity under NiSource's $2.0 billion unsecured revolving credit facility. At December 31, 2014 , NiSource had $792.6 million of commercial paper outstanding.

As of December 31, 2014 and 2013 , NiSource had $30.9 million and $31.6 million , respectively, of stand-by letters of credit outstanding, of which $14.7 million and $14.3 million , respectively, 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 Consolidated Balance Sheets in the amount of $284.3 million and $265.1 million as of December 31, 2014 and 2013 , respectively. Refer to Note 17 for additional information.

Short-term borrowings were as follows:

At December 31, *(in millions)*		**2014**		2013
Commercial Paper weighted average interest rate of 0.82 % and 0.70% at December 31, 2014 and 2013, respectively.	**$**	**792.6**	$	433.6
Credit facilities borrowings weighted average interest rate of 1.44% at December 31, 2014.		**500.0**		—
Accounts receivable securitization facility borrowings		**284.3**		265.1
Total Short-Term Borrowings	**$**	**1,576.9**	$	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 Statements of Consolidated Cash Flows.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

16. 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 Consolidated Balance Sheets on a recurring basis and their level within the fair value hierarchy as of December 31, 2014 and December 31, 2013 :

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**

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 December 31, 2014 and 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 Consolidated Balance Sheets. 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 accumulated other comprehensive income (loss). The amortized cost, gross unrealized gains and losses, and fair value of available-for-sale debt securities at December 31, 2014 and December 31, 2013 were:

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	**$ 131.4**	**$ 1.3**	**$ (0.8)**	**$ 131.9**

December 31, 2013 *(in millions)*	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale debt securities				
U.S. Treasury securities	$ 30.3	$ 0.3	$ (0.5)	$ 30.1
Corporate/Other bonds	91.5	1.1	(1.3)	91.3
Total	**$ 121.8**	**$ 1.4**	**$ (1.8)**	**$ 121.4**

For the year ended December 31, 2014 , 2013 , and 2012 the realized gain on sale of available for sale U.S. Treasury debt securities was $ 0.1 million , $ 0.5 million and $ 0.6 million , respectively. For the year ended December 31, 2014 , 2013 , and 2012 the realized gain on sale of available for sale Corporate/Other bond debt securities was $ 0.4 million , $ 0.4 million , and $ 0.3 million , respectively.

The cost of maturities sold is based upon specific identification. At December 31, 2014 , approximately $2.3 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 December 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 years ended December 31, 2014 and 2013 .

Non-recurring Fair Value Measurements . There were no significant non-recurring fair value measurements recorded during the twelve months ended December 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 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 Note 5 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 Statements of Consolidated Income.

B. Other Fair Value Disclosures for Financial Instruments . NiSource has certain financial instruments that are not measured at fair value on a recurring basis but nevertheless are recorded at amounts that approximate fair value due to their liquid or short-term nature, including cash and cash equivalents, restricted cash, notes receivable, customer deposits and short-term borrowings. 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 years ended December 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:

At December 31, *(in millions)*	**Carrying Amount 2014**	**Estimated Fair Value 2014**	Carrying Amount 2013	Estimated Fair Value 2013
Long-term debt (including current portion)	**$ 8,422.5**	**$ 9,505.7**	$ 8,135.3	$ 8,697.3

17. Transfers of Financial Assets

Transfers of accounts receivable are accounted for as secured borrowings resulting in the recognition of short-term borrowings on the Consolidated Balance Sheets. 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.

Throughout 2014 and 2013, Columbia of Ohio has been 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. T his 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 December 31, 2014 , $124.3 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.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

Throughout 2014 and 2013, NIPSCO has been 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 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 December 31, 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.

Throughout 2014 and 2013, Columbia of Pennsylvania has been 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 11, 2014, having a current scheduled termination date of March 10, 2015 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 December 31, 2014 , $35.0 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 December 31, 2014 and 2013 for Columbia of Ohio, NIPSCO and Columbia of Pennsylvania:

(in millions)	**December 31, 2014**	December 31, 2013
Gross Receivables	**$ 611.7**	$ 610.9
Less: Receivables not transferred	**327.4**	345.8
Net receivables transferred	**$ 284.3**	$ 265.1
Short-term debt due to asset securitization	**$ 284.3**	$ 265.1

During 2014 and 2013 , $19.2 million and $31.8 million was recorded as cash from financing activities related to the change in short-term borrowings due to the securitization transactions, respectively. For the years ended December 31, 2014 and 2013 , fees of $2.9 million and $2.7 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.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

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. The total guarantees and indemnities in existence at December 31, 2014 and the years in which they expire are:

(in millions)	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	284.3	284.3	—	—	—	—	—
Lines of credit	1,292.6	1,292.6	—	—	—	—	—
Letters of credit	30.9	30.9	—	—	—	—	—
Other guarantees	135.6	29.8	0.4	—	—	1.7	103.7
Total commercial commitments	$ 9,703.9	$ 1,867.6	$ 616.9	$ 1,257.0	$ 800.0	$ 501.7	$ 4,660.7

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 Consolidated Balance Sheets. 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 issuance of letters of credit, and also for general corporate purposes. At December 31, 2014 , NiSource had $500.0 million of borrowings under its five-year revolving credit facility, $792.6 million in commercial paper outstanding and $284.3 million outstanding under its accounts receivable securitization agreements. At December 31, 2014 , NiSource 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. NiSource has purchase and sale 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 Consolidated Balance Sheets. 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 December 31, 2014 .

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. Tax Matters . NiSource records liabilities for potential income tax assessments. The accruals relate to tax positions in a variety of taxing jurisdictions and are based on management's estimate of the ultimate resolution of these positions. These liabilities may be affected by changing interpretations of laws, rulings by tax authorities, or the expiration of the statute of limitations. NiSource is part of the IRS Large and Mid-Size Business program. As a result, each year's federal income tax return is typically audited by

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

the IRS. As of December 31, 2014, tax years through 2010 have been audited and are effectively closed to further assessment. The audits of tax years 2011 and 2012 are in process. In addition, the audits of tax years 2013 and 2014 under the Compliance Assurance Program ("CAP") are also in process. As of December 31, 2014, there were no state income tax audits in progress that would have a material impact on the consolidated financial statements.

NiSource is currently being audited for sales and use tax compliance in the states of Louisiana, Ohio, Massachusetts, Pennsylvania, and West Virginia.

D. 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 December 31, 2014 and 2013 , NiSource had recorded an accrual of approximately $128.4 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 Consolidated Balance Sheets. The noncurrent portion is included in "Other noncurrent liabilities" in the Consolidated Balance Sheets. 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.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

Nitrogen Dioxide (NO_2): The EPA revised the NO_2 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 some 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 $121.5 million and $129.5 million at December 31, 2014 and 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, Electric Operations, and certain other discontinued operations for which NiSource has retained a liability.

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). The 1995 AOC originally covered 245 major facilities, approximately 13,000 liquid removal points, approximately 2,200 mercury measurement stations and about 3,700 storage well locations. As a result of the 2007 amendment, approximately 50 facilities remain subject to the terms of the AOC. 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 $1.8 million and $8.7 million at December 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 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 $860 million , of which approximately $120.7 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. 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.

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.

Waste

On December 19, 2014, the EPA released a pre-publication version of the final rule for regulation of CCRs. The rule will regulate 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 will establish requirements related to CCR management, impoundments, landfills and storage. NIPSCO will have to modify its infrastructure and management of CCRs under this rule. However, 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.

E. Operating and Capital Lease Commitments. NiSource leases assets in several areas of its operations. Payments made in connection with operating leases were $ 69.3 million in 2014 , $ 56.3 million in 2013 and $ 50.9 million in 2012 , and are primarily charged to operation and maintenance expense as incurred. Capital leases and related accumulated depreciation included in the Consolidated Balance Sheets were $ 286.8 million and $ 86.0 million at December 31, 2014 , and $ 208.2 million and $ 64.1 million at December 31, 2013 , respectively.

NiSource Corporate Services has a license agreement with Rational Systems, LLC for pipeline business software requiring a payment of $25.6 million in 2015 which is recorded as a capital lease.

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. Services under this contract commenced on July 1, 1992 and expired on June 30, 2012. The agreement was renewed effective July 1, 2012 for ten years and NIPSCO will continue to pay for the services under a combination of fixed and variable charges. The renewed agreement was evaluated to determine whether the arrangement qualified as a lease. Based on the terms of the agreement, the arrangement qualified for capital lease accounting. As the effective date of the new agreement was July 1, 2012, NiSource capitalized this lease beginning in the third quarter of 2012.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

Future minimum rental payments required under operating and capital leases that have initial or remaining non-cancelable lease terms in excess of one year are:

(in millions)	Operating Leases [1]	Capital Leases [2]
2015	$ 22.7	$ 48.6
2016	15.4	20.1
2017	15.4	19.4
2018	12.8	19.2
2019	10.9	19.1
After	33.8	159.8
Total future minimum payments	$ 111.0	$ 286.2

[1] Operating lease balances do not include amounts for fleet leases that can be renewed beyond the initial lease term. The Company anticipates renewing the leases beyond the initial term, but the anticipated payments associated with the renewals do not meet the definition of expected minimum lease payments and therefore are not included above. Expected payments are $32.7 million in 2015, $32.8 million in 2016, $27.8 million in 2017, $22.0 million in 2018, $13.8 million in 2019 and $9.3 million thereafter.

[2] Capital lease payments shown above are inclusive of interest totaling $97.9 million .

F. Purchase and Service Obligations . NiSource has entered into various purchase and service agreements whereby NiSource is contractually obligated to make certain minimum payments in future periods. NiSource's purchase obligations are for the purchase of physical quantities of natural gas, electricity and coal. NiSource's service agreements encompass a broad range of business support and maintenance functions which are generally described below.

NiSource's subsidiaries have entered into various energy commodity contracts to purchase physical quantities of natural gas, electricity and coal. These amounts represent minimum quantities of these commodities NiSource is obligated to purchase at both fixed and variable prices.

In July 2008, the IURC issued an order approving NIPSCO's proposed purchase power agreements with subsidiaries of Iberdrola Renewables, Buffalo Ridge I LLC and Barton Windpower LLC. These agreements provided NIPSCO the opportunity and obligation to purchase up to 100 mw of wind power generated commencing in early 2009. The contracts extend 15 and 20 years, representing 50 mw of wind power each. No minimum quantities are specified within these agreements due to the variability of electricity generation from wind, so no amounts related to these contracts are included in the table below. Upon any termination of the agreements by NIPSCO for any reason (other than material breach by Buffalo Ridge I LLC or Barton Windpower LLC), NIPSCO may be required to pay a termination charge that could be material depending on the events giving rise to termination and the timing of the termination.

NiSource has pipeline service agreements that provide for pipeline capacity, transportation and storage services. These agreements, which have expiration dates ranging from 2015 to 2045 , require NiSource to pay fixed monthly charges.

On December 31, 2013, NiSource Corporate Services signed a seven year agreement with IBM to continue to provide business process and support functions to NiSource under a combination of fixed or variable charges, with the variable charges fluctuating based on the actual need for such services. The agreement was effective January 1, 2014 with a commencement date of April 1, 2014 and includes some targeted service enhancements as well as continued existing IT support services and a few additional support services. Under the agreement, at December 31, 2014, NiSource Corporate Services expects to pay approximately $570.2 million to IBM in service and project fees as shown in the table below. Upon any termination of the agreement by NiSource for any reason (other than material breach by IBM), NiSource may be required to pay IBM a termination charge that could include a breakage fee, repayment of IBM's capital investments not yet recovered and IBM's wind-down expense. This termination fee could be material depending on the events giving rise to the termination and the timing of the termination.

NIPSCO has contracts with three major rail operators providing for coal transportation services for which there are certain minimum payments. These service contracts extend for various periods through 2018 .

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

The estimated aggregate amounts of minimum fixed payments at December 31, 2014 , were:

(in millions)	Energy Commodity Agreements	Pipeline Service Agreements	IBM Service Agreement	Other Service Agreements	Total
2015	$ 190.1	$ 260.8	$ 100.8	$ 66.0	$ 617.7
2016	103.2	234.1	100.8	59.1	497.2
2017	76.0	214.5	96.4	55.2	442.1
2018	67.5	165.1	92.4	0.5	325.5
2019	68.6	128.3	90.4	—	287.3
After	70.8	395.5	89.4	—	555.7
Total purchase and service obligations	$ 576.2	$ 1,398.3	$ 570.2	$ 180.8	$ 2,725.5

G. 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, 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 Consolidated Financial Statements.

Springfield, MA Incident. 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 reserves and the related insurance recoveries resulting from this incident on a gross basis within the Consolidated Balance Sheets.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

19. Accumulated Other Comprehensive Loss

The following table displays the activity of Accumulated Other Comprehensive Loss, net of tax:

(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, 2012	**$ 4.9**	**$ (31.8)**	**$ (32.8)**	**$ (59.7)**
Other comprehensive income before reclassifications	(1.7)	(0.2)	(9.4)	(11.3)
Amounts reclassified from accumulated other comprehensive income	(0.6)	3.4	2.7	5.5
Net current-period other comprehensive (loss) income	(2.3)	3.2	(6.7)	(5.8)
Balance as of December 31, 2012	**$ 2.6**	**$ (28.6)**	**$ (39.5)**	**$ (65.5)**
Other comprehensive income before reclassifications	(2.4)	0.1	17.8	15.5
Amounts reclassified from accumulated other comprehensive income	(0.5)	2.7	4.2	6.4
Net current-period other comprehensive (loss) income	(2.9)	2.8	22.0	21.9
Balance as of December 31, 2013	**$ (0.3)**	**$ (25.8)**	**$ (17.5)**	**$ (43.6)**
Other comprehensive income before reclassifications	0.9	(0.3)	(10.2)	(9.6)
Amounts reclassified from accumulated other comprehensive income	(0.3)	2.5	0.4	2.6
Net current-period other comprehensive income (loss)	0.6	2.2	(9.8)	(7.0)
Balance as of December 31, 2014	**$ 0.3**	**$ (23.6)**	**$ (27.3)**	**$ (50.6)**

[1] All amounts are net of tax. Amounts in parentheses indicate debits.

Equity Method Investment

During 2008, Millennium, in which Columbia Transmission has an equity investment, entered into three interest rate swap agreements with a notional amount totaling $420.0 million with seven counterparties. During August 2010, Millennium completed the refinancing of its long-term debt, securing permanent fixed-rate financing through the private placement issuance of two tranches of notes totaling $725.0 million , $375.0 million at 5.33% due June 30, 2027 and $350.0 million at 6.00% due June 30, 2032 . Upon the issuance of these notes, Millennium repaid all outstanding borrowings under its credit agreement, terminated the sponsor guarantee, and cash settled the interest rate hedges. These interest rate swap derivatives were primarily accounted for as cash flow hedges by Millennium. As an equity method investment, NiSource is required to recognize a proportional share of Millennium's OCI. The remaining unrecognized loss of $16.6 million , net of tax, related to these terminated interest rate swaps is being amortized over a 15 year 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 $16.6 million and $17.7 million at December 31, 2014 and December 31, 2013 , respectively, is included in unrealized losses on cash flow hedges above.

20. Other, Net

Year Ended December 31, *(in millions)*	2014	2013	2012
Interest Income	**$ 3.8**	$ 3.6	$ 5.2
AFUDC Equity	**21.7**	18.5	10.6
Charitable Contributions	**(11.9)**	(8.9)	(13.9)
Miscellaneous [1]	**8.7**	11.0	(0.2)
Total Other, net	**$ 22.3**	$ 24.2	$ 1.7

[1] Miscellaneous primarily consists of transmission upgrade agreement income in 2014 and a gain from insurance proceeds in 2013.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

21. Interest Expense, Net

Year Ended December 31, *(in millions)*	**2014**	2013	2012
Interest on long-term debt	**$ 433.0**	$ 408.5	$ 398.2
Interest on short-term borrowings [1]	**5.2**	2.7	6.7
Debt discount/cost amortization	**8.0**	7.5	7.8
Accounts receivable securitization	**2.9**	2.7	3.2
Allowance for borrowed funds used and interest capitalized during construction	**(8.0)**	(12.8)	(7.1)
Other	**2.5**	6.2	9.5
Total Interest Expense, net	**$ 443.6**	$ 414.8	$ 418.3

[1] Refer to Note 15 for additional information.

22. Segments of Business

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. The NiSource Chief Executive Officer is the chief operating decision maker.

At December 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 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.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (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.

Year Ended December 31, *(in millions)*	**2014**	2013	2012
REVENUES			
Gas Distribution Operations			
Unaffiliated	**$ 3,593.4**	$ 3,053.5	$ 2,660.3
Intersegment	**0.5**	0.3	0.4
Total	**3,593.9**	3,053.8	2,660.7
Columbia Pipeline Group Operations			
Unaffiliated [(1)]	**1,197.9**	1,031.6	852.8
Intersegment	**149.3**	148.2	148.7
Total	**1,347.2**	1,179.8	1,001.5
Electric Operations			
Unaffiliated	**1,672.6**	1,564.2	1,508.9
Intersegment	**0.8**	0.7	0.8
Total	**1,673.4**	1,564.9	1,509.7
Corporate and Other			
Unaffiliated	**6.7**	8.0	8.9
Intersegment	**536.1**	489.0	474.7
Total	**542.8**	497.0	483.6
Eliminations	**(686.7)**	(638.2)	(624.6)
Consolidated Revenues	**$ 6,470.6**	$ 5,657.3	$ 5,030.9

[(1)] Effective June 1, 2012, NiSource received approval from the FERC to implement a new surcharge to recover the costs of certain operational purchases and sales required to ensure a sufficient amount of flowing supply into Columbia Transmission's system in northern Ohio in order to both meet its firm service obligations to customers and its storage operational requirements. Net revenues associated with this service, recorded in other revenue and offset in expense, were $249.6 million , $170.5 million and $53.6 million for 2014, 2013 and 2012 respectively.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

Year Ended December 31, *(in millions)*	**2014**	2013	2012
Operating Income (Loss)			
Gas Distribution Operations	**$ 537.0**	$ 445.4	$ 391.3
Columbia Pipeline Group Operations	**490.7**	441.4	398.4
Electric Operations	**282.7**	265.5	250.8
Corporate and Other	**(48.0)**	(8.9)	(0.4)
Consolidated	**$ 1,262.4**	$ 1,143.4	$ 1,040.1
Depreciation and Amortization			
Gas Distribution Operations	**$ 217.6**	$ 201.4	$ 189.9
Columbia Pipeline Group Operations	**118.6**	106.9	99.3
Electric Operations	**244.4**	244.4	249.7
Corporate and Other	**24.9**	24.6	23.0
Consolidated	**$ 605.5**	$ 577.3	$ 561.9
Assets			
Gas Distribution Operations	**$ 9,468.2**	$ 8,571.3	$ 8,200.7
Columbia Pipeline Group Operations	**6,029.3**	5,193.3	4,660.7
Electric Operations	**5,022.4**	4,565.7	4,970.0
Corporate and Other	**4,346.4**	4,323.6	4,013.3
Consolidated	**$ 24,866.3**	$ 22,653.9	$ 21,844.7
Capital Expenditures [(1)]			
Gas Distribution Operations	**$ 860.3**	$ 790.8	$ 649.4
Columbia Pipeline Group Operations	**843.9**	797.5	489.6
Electric Operations	**438.8**	426.3	422.8
Corporate and Other	**40.5**	31.4	23.3
Consolidated	**$ 2,183.5**	$ 2,046.0	$ 1,585.1

[(1)] Amounts differ from those presented on the Statements of Consolidated Cash Flows primarily due to the inclusion of capital expenditures included in current liabilities, contributions to equity method investees, and AFUDC Equity.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

23. Quarterly Financial Data (Unaudited)

Quarterly financial data does not always reveal the trend of NiSource's business operations due to nonrecurring items and seasonal weather patterns, which affect earnings, and related components of net revenues and operating income.

(in millions, except per share data)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2014				
Gross revenues	$ 2,320.5	$ 1,335.1	$ 1,123.9	$ 1,691.1
Operating Income	533.7	219.6	157.8	351.3
Income from Continuing Operations	266.4	78.5	31.5	154.3
Results from Discontinued Operations - net of taxes	(0.2)	(0.3)	(0.1)	(0.1)
Net Income	266.2	78.2	31.4	154.2
Basic Earnings Per Share				
Continuing Operations	0.85	0.25	0.10	0.49
Discontinued Operations	—	—	—	—
Basic Earnings Per Share	$ 0.85	$ 0.25	$ 0.10	$ 0.49
Diluted Earnings Per Share				
Continuing Operations	0.85	0.25	0.10	0.49
Discontinued Operations	—	—	—	—
Diluted Earnings Per Share	$ 0.85	$ 0.25	$ 0.10	$ 0.49
2013				
Gross revenues	$ 1,782.2	$ 1,201.5	$ 1,076.8	$ 1,596.8
Operating Income	428.9	194.0	176.4	344.1
Income from Continuing Operations	216.0	72.4	49.5	153.0
Results from Discontinued Operations - net of taxes [1]	44.5	(0.7)	(1.4)	(1.2)
Net Income	260.5	71.7	48.1	151.8
Basic Earnings Per Share				
Continuing Operations	0.69	0.23	0.16	0.49
Discontinued Operations	0.14	—	—	(0.01)
Basic Earnings Per Share	$ 0.83	$ 0.23	$ 0.16	$ 0.48
Diluted Earnings Per Share				
Continuing Operations	0.69	0.23	0.16	0.49
Discontinued Operations	0.14	—	—	(0.01)
Diluted Earnings Per Share	$ 0.83	$ 0.23	$ 0.16	$ 0.48

[1] Includes the after tax gain on disposition related to the sale of the service plan and leasing business lines of NiSource's Retail Services business of $36.4 million in the first quarter.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (continued)

24. Supplemental Cash Flow Information

The following tables provide additional information regarding NiSource's Consolidated Statements of Cash Flows for the years ended December 31, 2014 , 2013 and 2012 :

Year Ended December 31, *(in millions)*	**2014**	2013	2012
Supplemental Disclosures of Cash Flow Information			
Non-cash transactions:			
Capital expenditures included in current liabilities	**$ 205.8**	$ 149.9	$ 162.6
Assets acquired under a capital lease	**76.7**	28.4	92.1
Schedule of interest and income taxes paid:			
Cash paid for interest, net of interest capitalized amounts	**$ 429.3**	$ 402.7	$ 386.8
Cash paid for income taxes	**19.4**	10.4	8.2

25. Subsequent Event

Formation of a Master Limited Partnership. On February 11, 2015, CPPL (the "Partnership") 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 $1,170.0 million of net proceeds for 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.

In conjunction with the closing of the Partnership offering, the Partnership entered into a $500.0 million revolving credit facility, of which $50 million will be 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. The facility is guaranteed by NiSource.

NISOURCE INC.

SCHEDULE I
CONDENSED FINANCIAL INFORMATION OF REGISTRANT

BALANCE SHEET

As of December 31, *(in millions)*	2014	2013
ASSETS		
Investments and Other Assets:		
Investments in subsidiary companies	$ 10,824.5	$ 10,081.1
Total Investments and Other Assets	10,824.5	10,081.1
Current Assets:		
Other current assets	235.0	482.4
Total Current Assets	235.0	482.4
Other non-current assets	96.0	82.7
TOTAL ASSETS	11,155.5	10,646.2
CAPITALIZATION AND LIABILITIES		
Capitalization:		
Common stock equity	6,175.3	5,886.6
Total Capitalization	6,175.3	5,886.6
Current liabilities	1,266.7	1,037.2
Notes payable to subsidiaries	3,680.6	3,687.8
Other non-current liabilities	32.9	34.6
TOTAL CAPITALIZATION AND LIABILITIES	$ 11,155.5	$ 10,646.2

The accompanying Notes to Condensed Financial Statements are an integral part of these statements.

NISOURCE INC.

SCHEDULE I
CONDENSED FINANCIAL INFORMATION OF REGISTRANT

STATEMENT OF INCOME

Year Ended December 31, *(in millions, except per share amounts)*		**2014**		2013		2012
Equity in net earnings of consolidated subsidiaries	$	**671.7**	$	621.6	$	546.1
Other income (deductions):						
Administrative and general expenses		**(49.5)**		(11.6)		(2.9)
Interest income		**1.7**		3.8		4.6
Interest expense		**(198.4)**		(209.5)		(227.6)
Other, net		**(5.0)**		(5.0)		(10.0)
Total Other deductions		**(251.2)**		(222.3)		(235.9)
Income from continuing operations before income taxes		**420.5**		399.3		310.2
Income taxes		**(110.2)**		(91.6)		(98.6)
Income from continuing operations		**530.7**		490.9		408.8
(Loss) Income from discontinued operations - net of taxes		**(0.7)**		6.3		7.3
Gain on Disposition of discontinued operations - net of taxes		**—**		34.9		—
NET INCOME	$	**530.0**	$	532.1	$	416.1
Average common shares outstanding (millions)		**315.1**		312.4		291.9
Diluted average common shares (millions)		**316.6**		313.6		300.4
Basic earnings per share						
Continuing operations	$	**1.68**	$	1.57	$	1.40
Discontinued operations		**—**		0.13		0.03
Basic Earnings per Share	$	**1.68**	$	1.70	$	1.43
Diluted earnings per share						
Continuing operations	$	**1.67**	$	1.57	$	1.36
Discontinued operations		**—**		0.13		0.03
Diluted Earnings per Share	$	**1.67**	$	1.70	$	1.39

The accompanying Notes to Condensed Financial Statements are an integral part of these statements.

NISOURCE INC.

SCHEDULE I
CONDENSED FINANCIAL INFORMATION OF REGISTRANT

STATEMENT OF COMPREHENSIVE INCOME

Year Ended December 31, (in millions, net of taxes)	**2014**	2013	2012
Net Income	**$ 530.0**	$ 532.1	$ 416.1
Other comprehensive income (loss):			
Net unrealized gain (loss) on available-for-sale securities [1]	**0.6**	(2.9)	(2.3)
Net unrealized gain on cash flow hedges [2]	**2.2**	2.8	3.2
Unrecognized pension and OPEB (costs) benefit [3]	**(9.8)**	22.0	(6.7)
Total other comprehensive (loss) income	**(7.0)**	21.9	(5.8)
Total Comprehensive Income	**$ 523.0**	$ 554.0	$ 410.3

[1] Net unrealized gain (loss) on available-for-sale securities, net of $0.3 million tax expense, and $1.5 million and $1.7 million tax benefit in 2014 , 2013 and 2012 , respectively.

[2] Net unrealized gain on derivatives qualifying as cash flow hedges, net of $1.5 million , $1.8 million and $2.1 million tax expense in 2014 , 2013 and 2012 , respectively.

[3] Unrecognized pension and OPEB (costs) benefit, net of $2.5 million tax benefit, $14.3 million tax expense, and $4.2 million tax benefit in 2014 , 2013 and 2012 , respectively.

The accompanying Notes to Condensed Consolidated Financial Statements are an integral part of these statements.

NiSource Inc.

Schedule I
Condensed Financial Information of Registrant

Statement of Cash Flows

Year Ended December 31, *(in millions)*	2014	2013	2012
Net cash provided by operating activities	**$ 72.5**	$ 256.4	$ 393.9
Cash flows provided by (used in) investing activities:			
Decrease (increase) in notes receivable from subsidiaries	**268.5**	315.8	(487.4)
Contributions to subsidiaries	**(34.0)**	—	—
Net cash provided by (used in) investing activities	**234.5**	315.8	(487.4)
Cash flows (used in) provided by financing activities:			
Issuance of common shares	**30.3**	43.7	383.5
Decrease in notes payable to subsidiaries	**(7.2)**	(308.3)	—
Cash dividends paid on common shares	**(321.3)**	(305.9)	(273.2)
Acquisition of treasury shares	**(10.2)**	(8.1)	(10.0)
Net cash (used in) provided by financing activities	**(308.4)**	(578.6)	100.3
Net (decrease) increase in cash and cash equivalents	**(1.4)**	(6.4)	6.8
Cash and cash equivalents at beginning of year	**2.0**	8.4	1.6
Cash and cash equivalents at end of year	**$ 0.6**	$ 2.0	$ 8.4

The accompanying Notes to Condensed Financial Statements are an integral part of these statements.

NISOURCE INC.

SCHEDULE I
CONDENSED FINANCIAL INFORMATION OF REGISTRANT

NOTES TO CONDENSED FINANCIAL STATEMENTS

1. Dividends from Subsidiaries

Cash dividends paid to NiSource by its consolidated subsidiaries were: $40.0 million , $260.0 million and $378.0 million in 2014 , 2013 and 2012 , respectively.

2. Commitments and Contingencies

NiSource and its subsidiaries are parties to litigation, environmental and other matters. Refer to Note 18, "Other Commitments and Contingencies," in the Notes to Consolidated Financial Statements for additional information. 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 maximum potential amount of future payments NiSource could have been required to make under these guarantees as of December 31, 2014 was approximately $9.7 billion . Of this amount, approximately $8.0 billion relates to guarantees of wholly-owned consolidated entities.

3. Related Party Transactions

Balances due to or due from related parties included in the Balance Sheets as of December 31, 2014 and 2013 are as follows:

At December 31, *(in millions)*	**2014**	2013
Current assets due from subsidiaries [1]	**$ 200.1**	$ 462.1
Current liabilities due to subsidiaries [2]	**1,240.9**	1,031.1
Non-current liabilities due to subsidiaries [3]	**3,680.6**	3,687.8

[1] The balances at December 31, 2014 and 2013 are classified as Current assets on the Balance Sheets.

[2] The balances at December 31, 2014 and 2013 are classified as Current liabilities on the Balance Sheets. At December 31, 2014 and 2013 , $1,200.9 million and $1,002.4 million related to interest on affiliated notes payable, respectively.

[3] The balances at December 31, 2014 and 2013 are classified as Notes payable to subsidiaries on the Balance Sheets.

4. Notes to Financial Statements

See Item 8 "Notes to Consolidated Financial Statements," for the full text of notes to the Consolidated Financial Statements.

NiSource Inc.

Schedule II – Valuation and Qualifying Accounts

Twelve months ended December 31, 2014

($ in millions)	Balance Jan. 1, 2014	Additions: Charged to Costs and Expenses	Additions: Charged to Other Account [1]	Deductions for Purposes for which Reserves were Created	Balance Dec. 31, 2014
Reserves Deducted in Consolidated Balance Sheet from Assets to Which They Apply:					
Reserve for accounts receivable	$ 23.5	$ 21.9	$ 69.9	$ 90.1	$ 25.2
Reserve for other investments	3.0	—	—	—	3.0

Twelve months ended December 31, 2013

($ in millions)	Balance Jan. 1, 2013	Additions: Charged to Costs and Expenses	Additions: Charged to Other Account [1]	Deductions for Purposes for which Reserves were Created	Balance Dec. 31, 2013
Reserves Deducted in Consolidated Balance Sheet from Assets to Which They Apply:					
Reserve for accounts receivable	$ 24.0	$ 13.8	$ 55.3	$ 69.6	$ 23.5
Reserve for other investments	3.0	—	—	—	3.0

Twelve months ended December 31, 2012

($ in millions)	Balance Jan. 1, 2012	Additions: Charged to Costs and Expenses	Additions: Charged to Other Account [1]	Deductions for Purposes for which Reserves were Created	Balance Dec. 31, 2012
Reserves Deducted in Consolidated Balance Sheet from Assets to Which They Apply:					
Reserve for accounts receivable	$ 30.5	$ 13.2	$ 53.8	$ 73.5	$ 24.0
Reserve for other investments	3.0	—	—	—	3.0
Reserves Classified Under Reserve Section of Consolidated Balance Sheet:					
Reserve for cost of operational gas	2.7	(1.5)	—	1.2	—

[1] Charged to Other Accounts reflects the deferral of bad debt expense to a regulatory asset.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. 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.

Management's Report on Internal Control over Financial Reporting

NiSource management, including NiSource's principal executive officer and principal financial officer, are responsible for establishing and maintaining NiSource's internal control over financial reporting, as such term is defined under Rule 13a-15(f) promulgated under the Securities Exchange Act of 1934, as amended. However, management would note that a control system can provide only reasonable, not absolute, assurance that the objectives of the control system are met. NiSource's management has adopted the 2013 framework set forth in the Committee of Sponsoring Organizations of the Treadway Commission report, Internal Control - Integrated Framework, the most commonly used and understood framework for evaluating internal control over financial reporting, as its framework for evaluating the reliability and effectiveness of internal control over financial reporting. During 2014, NiSource conducted an evaluation of its internal control over financial reporting. Based on this evaluation, NiSource management concluded that NiSource's internal control over financial reporting was effective as of the end of the period covered by this annual report.

Disclosure controls and procedures include, without limitation, controls and procedures designed to provide reasonable assurance that information required to be disclosed by NiSource in the reports that it files or submits under the Exchange Act is accumulated and communicated to NiSource's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Deloitte & Touche LLP, NiSource's independent registered public accounting firm, issued an attestation report on NiSource's internal controls over financial reporting which is contained in Item 8, "Financial Statements and Supplementary Data."

Changes in Internal Controls

There have been no changes in NiSource's internal control over financial reporting during the most recently completed quarter covered by this report that has materially affected, or is reasonably likely to affect, NiSource's internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

Not applicable.

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information regarding executive officers is included as a supplemental item at the end of Item 4 of Part I of the Form 10-K.

Information regarding directors will be included in the Notice of Annual Meeting and Proxy Statement for the Annual Meeting of Stockholders to be held on May 12, 2015 , which information is incorporated by reference.

Information regarding NiSource's code of ethics, the audit committee and the audit committee financial expert and procedures for shareholder recommendations for director nominations will be included in the Notice of Annual Meeting and Proxy Statement for the Annual Meeting of Stockholders to be held on May 12, 2015 , which information is incorporated by reference.

ITEM 11. EXECUTIVE COMPENSATION

Information regarding executive compensation will be included in the Notice of Annual Meeting and Proxy Statement for the Annual Meeting of Stockholders to be held on May 12, 2015 , which information is incorporated by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Information regarding security ownership of certain beneficial owners and management and the Equity Compensation Plan Information will be included in the Notice of Annual Meeting and Proxy Statement for the Annual Meeting of Stockholders to be held on May 12, 2015 , which information is incorporated by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Information required under this Item with respect to certain relationships and related transactions and director independence will be included in the Notice of Annual Meeting and Proxy Statement for the Annual Meeting of Stockholders to be held on May 12, 2015 , which information is incorporated by reference.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Information regarding principal accounting fees and services will be included in the Notice of Annual Meeting and Proxy Statement for the Annual Meeting of Stockholders to be held on May 12, 2015 , which information is incorporated by reference.

PART IV

NISOURCE INC.

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

Financial Statements and Financial Statement Schedules

The following financial statements and financial statement schedules filed as a part of the Annual Report on Form 10-K are included in Item 8, "Financial Statements and Supplementary Data."

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Report of Independent Registered Public Accounting Firm	55
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Exhibits

The exhibits filed herewith as a part of this report on Form 10-K are listed on the Exhibit Index immediately following the signature page. Each management contract or compensatory plan or arrangement of NiSource, listed on the Exhibit Index, is separately identified by an asterisk.

Pursuant to Item 601(b), paragraph (4)(iii)(A) of Regulation S-K, certain instruments representing long-term debt of NiSource's subsidiaries have not been included as Exhibits because such debt does not exceed 10% of the total assets of NiSource and its subsidiaries on a consolidated basis. NiSource agrees to furnish a copy of any such instrument to the SEC upon request.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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/ ROBERT C. SKAGGS, JR.
Robert C. Skaggs, Jr.
President, Chief Executive Officer and Director
(Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

/s/ ROBERT C. SKAGGS, JR. Robert C. Skaggs, Jr.	President, Chief Executive Officer and Director (Principal Executive Officer)	Date: February 18, 2015
/s/ STEPHEN P. SMITH Stephen P. Smith	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	Date: February 18, 2015
/s/ JOSEPH W. MULPAS Joseph W. Mulpas	Vice President and Chief Accounting Officer (Principal Accounting Officer)	Date: February 18, 2015
/s/ RICHARD L. THOMPSON Richard L. Thompson	Chairman and Director	Date: February 18, 2015
/s/ RICHARD A. ABDOO Richard A. Abdoo	Director	Date: February 18, 2015
/s/ ARISTIDES S. CANDRIS Aristides S. Candris	Director	Date: February 18, 2015
/s/ SIGMUND L. CORNELIUS Sigmund L. Cornelius	Director	Date: February 18, 2015
/s/ MICHAEL E. JESANIS Michael E. Jesanis	Director	Date: February 18, 2015
/s/ MARTY R. KITTRELL Marty R. Kittrell	Director	Date: February 18, 2015
/s/ W. LEE NUTTER W. Lee Nutter	Director	Date: February 18, 2015
/s/ DEBORAH S. PARKER Deborah S. Parker	Director	Date: February 18, 2015
/s/ TERESA A. TAYLOR Teresa A. Taylor	Director	Date: February 18, 2015

/s/ CAROLYN Y. WOO	Director	Date: February 18, 2015
Carolyn Y. Woo		

EXHIBIT INDEX

EXHIBIT NUMBER	DESCRIPTION OF ITEM
(3.1)	Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to the NiSource Inc. Form 10-Q filed on August 4, 2008).
(3.2)	Bylaws of NiSource Inc., as amended and restated through May 11, 2010 (incorporated by reference to Exhibit 3.1 to the NiSource Inc. Form 8-K filed on May 14, 2010).
(4.1)	Indenture dated as of March 1, 1988, between Northern Indiana Public Service Company ("NIPSCO") and Manufacturers Hanover Trust Company, as Trustee (incorporated by reference to Exhibit 4 to the NIPSCO Registration Statement (Registration No. 33-44193)).
(4.2)	First Supplemental Indenture dated as of December 1, 1991, between Northern Indiana Public Service Company and Manufacturers Hanover Trust Company, as Trustee (incorporated by reference to Exhibit 4.1 to the NIPSCO Registration Statement (Registration No. 33-63870)).
(4.3)	Indenture Agreement between NIPSCO Industries, Inc., NIPSCO Capital Markets, Inc. and Chase Manhattan Bank as trustee dated February 14, 1997 (incorporated by reference to Exhibit 4.1 to the NIPSCO Industries, Inc. Registration Statement (Registration No. 333-22347)).
(4.4)	Second Supplemental Indenture, dated as of November 1, 2000 among NiSource Capital Markets, Inc., NiSource Inc., New NiSource Inc., and The Chase Manhattan Bank, as trustee (incorporated by reference to Exhibit 4.45 to the NiSource Inc. Form 10-K for the period ended December 31, 2000).
(4.5)	Indenture, dated November 14, 2000, among NiSource Finance Corp., NiSource Inc., as guarantor, and The Chase Manhattan Bank, as Trustee (incorporated by reference to Exhibit 4.1 to the NiSource Inc. Form S-3, dated November 17, 2000 (Registration No. 333-49330)).
(10.1)	2010 Omnibus Incentive Plan (incorporated by reference to Exhibit B to NiSource Inc. Definitive Proxy Statement to Stockholders held on May 11, 2010, filed on April 2, 2010).*
(10.2)	First Amendment to the 2010 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.2 to the NiSource Inc. Form 10-K filed on February 18, 2014.)*
(10.3)	Form of Performance Share Award Agreement under the 2010 Omnibus Incentive Plan. (incorporated by reference to Exhibit 10.1 to the NiSource Form 10-Q filed on April 30, 2014.)
(10.4)	NiSource Inc. Nonemployee Director Stock Incentive Plan as amended and restated effective May 13, 2008 (incorporated by reference to Exhibit 10.1 to the NiSource Inc. Form 10-K filed on February 27, 2009).*
(10.5)	NiSource Inc. Nonemployee Director Retirement Plan, as amended and restated effective May 13, 2008. (incorporated by reference to Exhibit 10.2 to the NiSource Inc. Form 10-K filed on February 27, 2009).*
(10.6)	Supplemental Life Insurance Plan effective January 1, 1991, as amended, (incorporated by reference to Exhibit 2 to the NIPSCO Industries, Inc. Form 8-K filed on March 25, 1992).*
(10.7)	Form of Change in Control and Termination Agreement (incorporated by reference to Exhibit 99.1 to Form 8-K filed January 6, 2014).*

(10.8) Form of Agreement between NiSource Inc. and certain officers of Columbia Energy Group and schedule of parties to such Agreements (incorporated by reference to Exhibit 10.33 to the NiSource Inc. Form 10-K for the period ended December 31, 2002).*

(10.9) NiSource Inc. 1994 Long-Term Incentive Plan, as amended and restated effective January 1, 2005 (incorporated by reference to Exhibit 10.4 to the NiSource Inc. Form 8-K filed on December 2, 2005).*

(10.10) 1st Amendment to NiSource Inc. 1994 Long Term Incentive Plan, effective January 22, 2009. (incorporated by reference to Exhibit 10.10 to the NiSource Inc. Form 10-K filed on February 27, 2009).*

(10.11) Form of Nonqualified Stock Option Agreement under the NiSource Inc. 1994 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.2 to the NiSource Inc. Form 8-K filed on January 3, 2005).*

(10.12) Form of Contingent Stock Agreement under the NiSource Inc. 1994 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.1 to NiSource Inc. Form 10-Q filed on May 4, 2010).*

(10.13) Form of Restricted Stock Unit Agreement under the NiSource Inc. 1994 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.17 to the NiSource Inc. Form 10-K for the period ended December 31, 2010).*

(10.14) Form of Restricted Stock Agreement under the 2010 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.18 to the NiSource Inc. Form 10-K for the period ended December 31, 2010).*

(10.15) Form of Restricted Stock Unit Award Agreement for Non-employee directors under the Non-employee Director Stock Incentive Plan. (incorporated by reference to Exhibit 10.19 to the NiSource Inc. Form 10-K for the period ended December 31, 2010).*

(10.16) Form of Restricted Stock Unit Award Agreement for Nonemployee Directors under the 2010 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.1 to NiSource Inc. Form 10-Q filed on August 2, 2011).*

(10.17) Amended and Restated NiSource Inc. Supplemental Executive Retirement Plan effective May 13, 2011 (incorporated by reference to Exhibit 10.3 to NiSource Inc. Form 10-Q filed on October 28, 2011).*

(10.18) Amended and Restated Pension Restoration Plan for NiSource Inc. and Affiliates effective May 13, 2011 (incorporated by reference to Exhibit 10.4 to NiSource Inc. Form 10-Q filed on October 28, 2011).*

(10.19) Amended Restated Savings Restoration Plan for NiSource Inc. and Affiliates effective October 22, 2012.*

(10.20) Amended and Restated NiSource Inc. Executive Deferred Compensation Plan effective November 1, 2012.*

(10.21) NiSource Inc. Executive Severance Policy, as amended and restated, effective January 1, 2015.* **

(10.22) Letter Agreement between NiSource Corporate Services and Jimmy D. Staton dated December 12, 2013 (incorporated by reference to Exhibit 10.24 to the NiSource Inc. Form 10-K filed on February 18, 2014).*

(10.23) Letter Agreement between NiSource Corporate Services Company and Stephen P. Smith dated May 14, 2008. (incorporated by reference to Exhibit 10.24 to the NiSource Inc. Form 10-K filed on February 27, 2009).*

(10.24) Second Amended and Restated Revolving Credit Agreement, dated as of September 30, 2013, by and among NiSource Finance Corp., as Borrower, NiSource Inc., as Guarantor, the Lenders party thereto and Barcalys Bank PLC, as Administrative Agent, Credit Suisse Securities (USA) LLC, as Syndication Agent, and The Bank of Tokyo-Mitsubishi UFJ, LTD., Citibank, N.A. and JPMorgan Chase Bank, N.A., as Co-Documentation Agents (incorporated by reference to Exhibit 10.1 to the NiSource Inc. Form 10-Q for the period ended September 30, 2013).

(10.25) Third Amended and Restated Revolving Credit Agreement, dated as of December 5, 2014, by and among NiSource Finance Corp., as Borrower, NiSource Inc., as Guarantor, the Lenders party thereto, and Barclays Bank PLC, as Administrative Agent, Credit Suisse Securities (USA) LLC, as Syndication Agent, and The Bank of Tokyo-Mitsubishi UFJ, LTD., Citibank, N.A. and JPMorgan Chase Bank, N.A., as Co-Documentation Agents.**

(10.26) Note Purchase Agreement, dated August 23, 2005, by and among NiSource Finance Corp., as issuer, NiSource Inc., as guarantor, and the purchasers named therein (incorporated by reference to Exhibit 10.1 to the NiSource Inc. Current Report on Form 8-K filed on August 26, 2005).

(10.27) Amendment No. 1, dated as of November 10, 2008, to the Note Purchase Agreement by and among NiSource Finance Corp., as issuer, NiSource Inc., as guarantor, and the purchasers whose names appear on the signature page thereto (incorporated by reference to Exhibit 10.30 to the NiSource Inc. Form 10-K filed on February 27, 2009).

(10.28) Term Loan Agreement with the lenders party thereto, CoBank, ACB, as Syndication Agent, JP Morgan 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 (incorporated by reference to Exhibit 10.1 to the NiSource Inc. Form 10-Q for the period ended September 30, 2014).

(12) Ratio of Earnings to Fixed Charges.**

(21) List of Subsidiaries.**

(23) Consent of Deloitte & Touche LLP.**

(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.**

* Management contract or compensatory plan or arrangement of NiSource Inc.

** Exhibit filed herewith.

References made to NIPSCO filings can be found at Commission File Number 001-04125. References made to NiSource Inc. filings made prior to November 1, 2000 can be found at Commission File Number 001-09779.

Exhibit 10.21

POLICY SUBJECT: Executive Severance Policy

EFFECTIVE DATE: June 1, 2002

REVISED: January 1, 2015

1. Purpose . The NiSource Executive Severance Policy ("Policy") originally was established in June 2002 to provide Severance Pay and other benefits to terminated executive-level employees of NiSource Inc. and certain subsidiaries and affiliate corporations ("Company") who satisfy the terms of the Policy. Benefits under the Policy shall be in lieu of any benefits available under the NiSource Severance Policy or any other severance plan or policy maintained by the Company or any Affiliate; provided however that benefits will not be payable under the Policy if the relevant termination of employment results in the employee being eligible for a payment under a Change in Control and Termination Agreement. The Policy is amended and restated effective January 1, 2015.

2. Administration . The Policy is administered by the Officer Nomination and Compensation Committee of the Board of Directors of the Company ("Committee"). The Committee has the complete discretion and authority with respect to the Policy and its application. The Committee reserves the right to interpret the Policy, prescribe, amend and rescind rules and regulations relating to it, determine the terms and provisions of severance benefits and make all other determinations it deems necessary or advisable for the administration of the Policy. The determination of the Committee in all matters regarding the Policy shall be conclusive and binding on all persons. The Committee may delegate any of its duties under the Policy to the Senior Vice President of Human Resources and hereby delegates to the Senior Vice President of Human Resources, or his delegate, the authority to develop and implement administrative guidelines regarding the operation of the Policy and render decisions on initial claims by Participants.

3. Scope . The Policy will apply to all full-time or part-time regular, non-union employees of the Company and each of its affiliated entities (collectively, "Affiliates" and each an "Affiliate") whose job scope level, as established by the Company, is D2 (or its equivalent) or above ("Participants").

4. Eligibility for Severance Pay . A Participant becomes entitled to receive severance pay ("Severance Pay") only if he or she is terminated by an Affiliate for any of the following reasons, provided that such a termination event constitutes a "separation from service" as defined under Section 409A of the Internal Revenue Code of 1986, as amended, and applicable guidance thereunder, and further provided the conditions described in Section 5 below are met:

   (a) The Participant's position is eliminated due to a reduction in force or other restructuring.

   (b) The Participant's position is moved by the Company more than 50 miles from its current location and results in the Participant having a longer commute of at least 20 miles and the Participant chooses not to relocate, and such events are considered a "good reason" termination under Section 409A of the Internal Revenue Code of 1986, as amended, and applicable guidance thereunder.

   (c) The Participant's employment is constructively terminated. Constructive termination shall be defined in a manner consistent with the guidance for a "good reason" termination under

Section 409A of the Internal Revenue Code of 1986, as amended, and applicable guidance thereunder, and means (1) the scope of the Participant's position is changed materially (other than in the case of a rotational assignment or its equivalent) or (2) the Participant's base pay is reduced by a material amount or (3) the Participant's opportunity to earn a bonus under a short-term cash incentive compensation plan of the Affiliates is materially reduced or is eliminated, and, in any such event, the Participant chooses not to remain employed in such position, if a Participant does not assert constructive termination within 14 days of being informed of a change described in (1), (2) or (3) above, in a written instrument delivered to the Senior Vice President of Human Resources, such change will not be deemed a constructive termination. The decision as to whether such a change constitutes constructive termination shall be made by the Committee or its delegate, not the Participant. If the Participant disagrees, the Participant must follow the claims procedure set forth in Section 15.

5. Conditions to Receipt of Benefits .

(a) Severance Pay is not available to a Participant otherwise eligible for Severance Pay who transfers to another position with any Affiliate.

(b) Severance Pay is not available to a Participant whose position is eliminated due to (1) the sale of the Affiliate or assets of the Affiliate which employs the Participant on the date of termination or (2) the outsourcing of work, where in either such event the purchaser of the Affiliate or assets of the Affiliate or the outsourcing service provider makes an offer of employment to the Participant that, if it were an Affiliate, would not constitute "constructive termination" as described in Section 4(c).

(c) Severance Pay is not available to a Participant whose position is eliminated due to the spin-off of any Affiliate, if the spun-off entity makes an offer of employment to the Participant that, if it were an Affiliate making such an offer, would not constitute "constructive termination" as described in Section 4(c).

(d) A Participant must execute and not revoke the release described in Section 6 below.

(e) During the period in which a Participant is entitled to consider the execution of the release described in Section 6, or during such other period as is otherwise agreed to by the Company and the Participant, he or she may be required to complete unfinished business projects and be available for discussions regarding matters relative to the Participant's duties.

(f) A Participant must return all Affiliate property and information to the Affiliate.

(g) A Participant must agree to pay all outstanding amounts owed to any Affiliate and authorize the Affiliate to withhold any outstanding amounts from his or her final paycheck and/or Severance Pay.

6. Amount of Severance Pay . The amount of Severance Pay to which a Participant is entitled under the Policy is 52 weeks of base salary at the rate in effect on the date of termination.

A Participant who is receiving benefits under a short term disability plan maintained by any Affiliate will be entitled to Severance Pay at the end of the period of payment of short term disability if, and only if, (1) he or she is not then eligible for benefits under a long term disability plan maintained by an Affiliate, and (2) he or she is not offered employment with an Affiliate that, in the discretion of the Committee, is comparable to that held by the Participant at the time the applicable period of short

term disability commenced. A Participant will not be entitled to Severance Pay at the end of the period of long term disability.

Severance Pay will be paid to a Participant in one lump sum cash payment as soon as practicable after the date of the Participant's termination of employment, but in no event later than the 15 th day of the 3 rd month after such date, provided that the Participant has executed a valid release of all Affiliates, and their respective officers, directors and employees, from any and all actions, suits, proceedings, claims and demands relating to the Participant's employment with all Affiliates and the termination thereof, and the applicable revocation period has expired within this period. Severance Pay shall be reduced by applicable amounts necessary to comply with federal, state and local income tax withholding requirements.

7. Benefits.

(a) Welfare Benefits. A Participant entitled to Severance Pay shall receive, at the time of payment of Severance Pay, a lump sum payment equivalent to 130% of 52-weeks of COBRA (as defined in Section 4980B of the Internal Revenue Code of 1986, as amended, and Sections 601-609 of the Employee Retirement Income Security Act of 1974, as amended, or any successor sections) continuation coverage premiums in lieu of any continued medical, dental, vision, and other welfare benefits offered by the Company or any Affiliate. Such 52-week period of COBRA continuation coverage shall be included as part of the period during which the Participant may elect continued group health coverage under COBRA.

(b) Outplacement Services. A Participant entitled to Severance Pay shall receive outplacement services, selected by the Company at its expense, for a period commencing on the date of termination of employment and continuing until the earlier to occur of the Participant accepting other employment or 12 months thereafter.

8. No Re-employment. A Participant who receives benefits pursuant to the Policy shall not be eligible for re-employment with any Affiliate, unless the Committee or its delegate provides the Participant with a written waiver of the Section.

9. Independent Contractor Status. A Participant who receives benefits pursuant to the Policy shall not be eligible at any time after termination of employment to enter into a consulting or independent contractor relationship with any Affiliate pursuant to which relationship he or she shall perform the same or similar services, upon the same or similar terms and conditions, as were applicable to such Participant on the date of termination of employment.

10. Death of Participant. It a Participant dies prior to receiving Severance Pay to which he or she is entitled under the Policy, payment will be made to the representative of his or her estate.

11. Amendment or Termination.

(a) The Policy may be amended or terminated by the Committee at any time during its term when, in its judgment, such amendment or termination is necessary or desirable. No such termination or amendment will affect the rights of any Participant who is then entitled to receive Severance Pay or other benefits under the Policy at the time of such amendment or termination. The Policy can only be changed by written endorsement by an officer of the Company and only when the Company attaches the written amendment to the Policy. No agent or other employee,

other than an officer of the Company, has the authority to change or waive any provision of the Policy.

(b) Severance benefits under the Policy are not intended to be a vested right.

12. Governing Law and Venue. The terms of the Policy shall, to the extent not preempted by federal law, be governed by, and construed and enforced in accordance with, the laws of the State of Indiana, including all matters of construction, validity and performance. In order to benefit Participants under this Policy by establishing a uniform application of law with respect to the administration of the Plan, the provisions of this Section 13 shall apply. Any suit, action or proceeding seeking to enforce any provision of, or based on any matter arising out of or in connection with, this Plan shall be brought in any court of the State of Indiana and of the United States for the Northern District of Indiana. The Company, each Affiliate, each Participant, and any related parties irrevocably and unconditionally consent to the exclusive jurisdiction of such courts in any such litigation related to this Plan and any transactions contemplated hereby. Such parties irrevocably and unconditionally waive any objection that venue is improper or that such litigation has been brought in an inconvenient forum.

13. Miscellaneous Provisions.

(a) Severance Pay and other benefits pursuant to the Policy shall not be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or charge prior to actual receipt by a Participant, and any attempt to so anticipate, alienate, sell, transfer, assign, pledge, encumber or charge prior to such receipt shall be void and no Affiliate shall be liable in any manner for, or subject to, the debts, contracts, liabilities, engagements or torts of any person entitled to any Severance Pay or other benefits under the Policy.

(b) Nothing contained in the Policy shall confer upon any individual the right to be retained in the service of any Affiliate, nor limit the right of any Affiliate to discharge or otherwise deal with any individual without regard to the existence of the Policy.

(c) The Policy shall at all times be entirely unfunded. No provision shall at any time be made with respect to segregating assets of any Affiliate for payment of any Severance Pay or other benefits hereunder. No employee or any other person shall have any interest in any particular assets of any Affiliate by reason of the right to receive Severance Pay or other benefits under the Policy, and any such employee or any other person shall have only the rights of a general unsecured creditor of an Affiliate with respect to any rights under the Policy.

14. Claims Procedure. A claim for benefits under the Policy shall be submitted in writing to the Senior Vice President, Human Resources or his delegate. If a claim for benefits under the Policy by a Participant or his or her beneficiary is denied, either in whole or in part, the Senior Vice President, Human Resources, will let the claimant know in writing within 90 days. If the claimant does not hear within 90 days, the claimant may treat the claim as if it had been denied. A notice of a denial of a claim will refer to a specific reason or reasons for the denial of the claim; will have specific references to the Policy provisions upon which the denial is based; will describe any additional material or information necessary for the claimant to perfect the claim and explain why such material information is necessary; and will have an explanation of the Policy's review procedure.

The claimant will have 60 days after the date of the denial to ask for a review and a hearing. The claimant must file a written request with the Committee for a review, During this time the claimant

may review pertinent documents and may submit issues and comments in writing. The Committee will have another 60 days in which to consider the claimant's request for review. If special circumstances require an extension of time for processing, the Committee may have an additional 60 days to answer the claimant. The claimant will receive a written notice if the extra days are needed. The claimant may submit in writing any document, issues and comments he or she may wish. The decision of the Committee will tell the claimant the specific reasons for its actions, and refer the claimant to the specific Policy provisions upon which its decision is based. If the decision on review is not furnished within the time period set forth above, the claim shall be deemed denied on review.

If such determination is favorable to the claimant, it shall be binding and conclusive. If such determination is adverse to such claimant, it shall be binding and conclusive unless the claimant or his duly authorized representative notifies the Committee within 90 days after the mailing or delivery to the claimant by the Committee of its determination that claimant intends to institute legal proceedings challenging the determination of the Committee and actually institutes such legal proceedings within 180 days after such mailing or delivery

15. Rights Under ERISA . Each Participant in the Policy is entitled to certain rights and protection under the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). ERISA provides that all Policy Participants shall be entitled to:

(a) Examine, without charge, at the Company's office all Policy documents.

(b) Obtain copies of all Policy documents and other Policy information upon written request to the Committee. The Committee may make a reasonable charge for the copies.

In addition to creating rights for Policy Participants, ERISA imposes duties upon the people who are responsible for the operation of an employee benefit plan. The people who operate the Policy, called "fiduciaries" of the Policy, have a duty to do so prudently and in the interest of the Policy Participants and beneficiaries. No one, including the Company, any affiliate or any other person, may fire a Participant or otherwise discriminate against a Participant in any way to prevent him or her from obtaining a benefit or exercising his or her rights under ERISA, If a Participant's claim for a benefit is denied in whole or in part, he or she must receive a written explanation of the reason for the denial. A Participant has the right to have the Committee review and reconsider his or her claim. Under ERISA, there are steps a Participant can take to enforce the above rights. For instance, if a Participant requests materials from the Committee and does not receive them within thirty (30) days, he or she may file suit in a federal court. In such a case the court may require the Committee to provide the materials and pay the Participant up to $110 a day until the Participant receives the materials, unless the materials were not sent because of reasons beyond the control of the Committee. If a Participant has a claim for benefits, which is denied or ignored, in whole or in part, he or she may file suit in a state or federal court. If it should happen that the Policy fiduciaries misuse the Policy's money, or if a Participant is discriminated against for asserting his or her rights, he or she may ask assistance from the United States Department of Labor, or he or she may file suit in a federal court, The court will decide who should pay the court costs and legal fees. If the Participant is successful, the court may order the person he or she has sued to pay these costs and fees. If the Participant loses, the court may order him or her to pay these costs and fees, for example, if it finds his or her claim to be frivolous. If a Participant has questions about the Policy, he or she should contact the Committee. If a Participant has any questions about this statement or about his or her rights under ERISA, he or she should contact the nearest Area Office of the United States Labor–Management Services Administration, Department of Labor.

17. Policy Facts .

Company: Address:	NiSource Inc. 801 E, 86th Avenue Merrillville, Indiana 46410
Plan Name:	NiSource Executive Severance Policy
Type of Plan:	Severance Policy–Welfare Benefits Plan
Policy Year:	Calendar year
Employer Identification Number (EIN):	35-1719974
Policy Administrator:	Officer Nomination and Compensation Committee of NiSource Inc.
Business Address:	801 E. 86th Avenue Merrillville, Indiana 46410
Agent for Service of Legal Process:	Officer Nomination and Compensation Committee of NiSource Inc.
(Address)	801 E. 86th Avenue Merrillville, Indiana 46410

Exhibit 10.25

THIRD AMENDED AND RESTATED REVOLVING CREDIT AGREEMENT

among

NISOURCE FINANCE CORP.,
as Borrower,

NISOURCE INC.,
as Guarantor,

THE LENDERS Party Hereto,

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

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
Joint Lead Arrangers and Joint Bookrunners

Dated as of December 4, 2014

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THIRD AMENDED AND RESTATED REVOLVING CREDIT AGREEMENT , dated as of December 4, 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, the Co-Documentation Agents party hereto, **CREDIT SUISSE SECURITIES (USA) LLC** , as Syndication Agent and **BARCLAYS BANK PLC** , as administrative agent for the Lenders hereunder (in such capacity, the " ***Administrative Agent*** ").

WITNESSETH:

WHEREAS , the Borrower, the Guarantor, certain Lenders and the Administrative Agent are parties to the Existing Credit Agreement (as defined herein) pursuant to which, among other things, the Lenders agreed to enter, subject to the terms and conditions set forth therein, into a revolving credit facility in an aggregate amount of $2,000,000,000; and

WHEREAS , the parties hereto have agreed to amend and restate the Existing Credit Agreement pursuant to the terms and conditions of this Agreement;

NOW , THEREFORE , the parties hereto hereby agree as follows:

Article I

Article II **DEFINITIONS**

Section . ***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)).

" ***Additional Commitment Lender*** " has the meaning assigned to such term in Section 2.21(d).

" ***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(h).

" ***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 $1,500,000,000.

" ***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, 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 Commitments most recently in effect, giving effect to any assignments and to any Lender's status as a Defaulting Lender at the time of determination.

" ***Applicable Rate*** " means, for any day, with respect to any ABR Loan or Eurodollar Revolving Loan or with respect to the Facility Fees and the LC Risk Participation Fee payable hereunder, as the case may be, the applicable rate *per annum* determined pursuant to the Pricing Grid.

" ***Arrangers*** " means each of Barclays, Credit Suisse Securities (USA) LLC, The Bank of Tokyo-Mitsubishi UFJ, Ltd., Citigroup Global Markets, Inc. and J.P. Morgan Securities LLC.

" ***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 from and including the Effective Date to but excluding the Termination Date.

" ***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.

" ***Barclays*** " means Barclays Bank PLC, a company incorporated in United Kingdom.

" ***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*** " 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 a request by the Borrower for a Revolving 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.

" ***Cash Account*** " has the meaning set forth in Section 8.01.

" ***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 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)).

" ***Closing Date*** " means the date on which this Agreement has been executed and delivered by each of the Borrower, the Guarantor, the initial Lenders, the LC Banks and the Administrative Agent.

" ***Co-Documentation Agents*** " means The Bank of Tokyo-Mitsubishi UFJ, Ltd., Citibank, N.A. and JPMorgan Chase Bank, N.A., in their respective capacities as co-documentation agents for the Lenders hereunder.

" ***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 Revolving Loans hereunder and to participate in Letters of Credit issued hereunder as set forth herein, as such commitment may be (a) reduced from time to time or terminated pursuant to Section 2.07 or Section 2.09 and (b) reduced or increased from time to time pursuant to assignments by or to such Lender pursuant to Section 11.04. The initial amount of each Lender's Commitment is (x) 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(h).

" ***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 or 3.02 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, any LC Bank 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, (ii) fund any portion of its participations in Letters of Credit or (iii) 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 3.03 (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 3.03 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 and participations in then outstanding Letters of Credit under this Agreement, 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.

" ***Departing Lender*** " means each lender under the Existing Credit Agreement that executes and delivers to the Administrative Agent a Departing Lender Signature Page.

" ***Departing Lender Signature Page*** " means each signature page to this Agreement on which it is indicated that the Departing Lender executing the same shall cease to be a party to the Existing Credit Agreement on the Effective Date.

" ***Dollars*** " or " ***$*** " refers to lawful money of the United States of America.

" ***Effective Date*** " means the date after the Closing Date on which each of the conditions precedent set forth in Section 3.02 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.

" ***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.

"Existing Credit Agreement" means that certain Second Amended and Restated Revolving Credit Agreement, dated as of September 30, 2013 by and among the Borrower, the Guarantor, the Lenders from time to time party thereto and the Administrative Agent.

"Existing Letters of Credit" means the Letters of Credit issued pursuant to the Existing Credit Agreement and approved by the Administrative Agent and each applicable LC Bank as an Existing Letter of Credit hereunder.

" ***Existing Termination Date*** " has the meaning assigned to such term in Section 2.21(a).

" ***Extending Lender*** " has the meaning assigned to such term in Section 2.21(b).

" ***Extension Date*** " has the meaning assigned to such term in Section 2.21(a).

" ***Extension of Credit*** " means (a) the making by any Lender of a Revolving Loan, (b) the issuance of a Letter of Credit by any LC Bank or (c) the amendment of any Letter of Credit having the effect of extending the stated termination date thereof, increasing the LC Outstandings, or otherwise altering any of the material terms or conditions thereof.

" ***Facility Fee*** " has the meaning set forth in Section 2.12.

" ***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; 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) 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.

" ***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 Loan 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.

" ***Initial LC Bank*** " means each of the Lead Lenders.

" ***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 a Revolving 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 Termination 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 date on which such Borrowing is made and, in the case of a Revolving Borrowing, thereafter shall be the effective date of the most recent conversion or continuation of such Borrowing.

" ***Interpolated Rate*** " means, in relation to the LIBO Rate, the rate which results from interpolating on a linear basis between:

(a) the applicable LIBO Rate for the longest period (for which that LIBO Rate is available) which is less than the Interest Period of that Loan; and

(b) the applicable LIBO Rate for the shortest period (for which that LIBO Rate is available) which exceeds the Interest Period of that Loan,

each as of approximately 11:00 a.m. (London, England time) two Business Days prior to the commencement of such Interest Period of that Loan.

" ***LC Bank*** " means the Initial LC Banks or any other Lender approved by the Borrower and the Administrative Agent that may agree to issue Letters of Credit pursuant to an agreement in form satisfactory to the Borrower and the Administrative Agent, so long as such Lender expressly agrees to perform in accordance with their terms all of the obligations that by the terms of this Agreement are required to be performed by it as an LC Bank and notifies the Administrative Agent of its applicable lending office (which information shall be recorded by the Administrative Agent in the Register), for so long as such Initial LC Bank or Lender, as the case may be, shall have a Letter of Credit Commitment.

" ***LC Exposure*** " means, at any time, the sum of (a) the LC Outstandings at such time plus (b) the aggregate amount of all Unreimbursed LC Disbursements at such time. The LC Exposure of any Lender at any time shall be its Applicable Percentage of the total LC Exposure at such time.

"LC Outstandings" means, for any date of determination, the aggregate maximum amount available to be drawn under all Letters of Credit outstanding on such date (assuming the satisfaction of all conditions for drawing enumerated therein).

" ***LC Risk Participation Fee*** " has the meaning set forth in Section 2.12.

"Lead Lenders" means Barclays, Credit Suisse AG, Cayman Islands Branch, The Bank of Tokyo-Mitsubishi UFJ, Ltd., Citibank, N.A., Royal Bank of Canada and JPMorgan Chase Bank, N.A.

" ***Lender Notice Date*** " has the meaning assigned to such term in Section 2.21(b).

" ***Lenders*** " means (a) 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 and (b) if and to the extent so provided in Section 2.04(c), the applicable LC Bank. For the avoidance of doubt, the term "Lenders" excludes the Departing Lenders.

"Letter of Credit" means a standby letter of credit issued by the applicable LC Bank pursuant to the terms of this Agreement, together with the Existing Letters of Credit deemed issued hereunder pursuant to Section 2.04 (h), in each case, as such letter of credit may from time to time be amended, modified or extended in accordance with the terms of this Agreement.

" ***Letter of Credit Commitment*** " means, with respect to each LC Bank, the obligation of such LC Bank to issue Letters of Credit for the account of the Borrower from time to time in an aggregate amount up to (a) for each Initial LC Bank, the amount set forth on Schedule 2.01 opposite such LC Bank's name and (b) for any other LC Bank, as separately agreed to by such LC Bank and the Borrower. The Letter of Credit Commitment is part of, and not in addition to, the Commitments.

" ***LIBO Rate*** " means for any Interest Period as to any Eurodollar Loan, (i) the rate per annum determined by the Administrative Agent to be the offered rate which appears on the page of the Reuters Screen which displays the London interbank offered rate administered by ICE Benchmark Administration Limited (such page currently being the LIBOR01 page) (the "LIBO Rate") for deposits (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period in Dollars, determined as of approximately 11:00 a.m. (London, England time), two Business Days prior to the commencement of such Interest Period, (ii) in the event the rate referenced in the preceding clause (i) does not appear on such page or service or if such page or service shall cease to be available, the rate determined by the Administrative Agent to be the offered rate on such other page or other service which displays the LIBO Rate for deposits (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period in Dollars, determined as of approximately 11:00 a.m. (London, England time) two Business Days prior to the commencement of such Interest Period or (iii) in the event the rates referenced in the preceding clauses (i) and (ii) are not available, the rate per annum determined by the Administrative Agent to be the average offered quotation rate by major banks in the London interbank market to Barclays for deposits (for delivery on the first day of the relevant period) in Dollars of amounts in same day funds comparable to the principal amount of the Eurodollar Loan for which the LIBO Rate is then being determined with maturities comparable to such Interest Period as of approximately 11:00 a.m. (London, England time) two Business Days prior to the commencement of such Interest Period; provided that if LIBO Rates are quoted under either of the preceding clauses (i) or (ii), but there is no such quotation for the Interest Period elected, the LIBO Rate shall be equal to the Interpolated Rate; and provided, further, that if any such rate determined pursuant to the preceding clauses (i), (ii) or (iii) is below zero, the LIBO Rate will be deemed to be zero.

" ***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;
provided , that, notwithstanding the foregoing, from and after the Specified Separation Transaction, Material Subsidiary shall not include any Subsidiary of the Guarantor that is a part of the Guarantor's Columbia Pipeline Group business (including Columbia) that is subject to the Specified Separation Transaction.

" ***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-Extending Lender*** " has the meaning assigned to such term in Section 2.21(b).

" ***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 the Administrative Agent 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.

" ***Pro Forma Basis*** " means, in connection with any calculation of compliance with any financial covenant or term, the calculation thereof after giving effect on a pro forma basis to the change in such calculation required by the applicable provision hereof, and otherwise on a basis in accordance with GAAP as used in the preparation of the latest financial statements provided pursuant to Section 5.01(h)(i) or (ii) and otherwise reasonably satisfactory to the Administrative Agent.

" ***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.

" ***Referenced Annual Financial Statements*** " means (i) prior to the Effective Date, the consolidated balance sheet of the Guarantor and its Subsidiaries dated as of December 31, 2013, and related statements of income, statements of cash flows and common shareholders' equity of the Guarantor and its Subsidiaries for the fiscal year then ended and (ii) from and after the Effective Date, the consolidated balance sheet of the Guarantor and its Subsidiaries dated as of December 31, 2014, and related statements of income, statements of cash flows and common shareholders' equity of the Guarantor and its Subsidiaries for the fiscal year then ended, prepared on a Pro Forma Basis giving effect to the Specified Separation Transaction.

" ***Referenced Quarterly Financial Statements*** " means (i) prior to the Effective Date, the unaudited consolidated balance sheet of the Guarantor and its Subsidiaries dated as of September 30, 2014, and related statements of income, statements of cash flows and common shareholders' equity of the Guarantor and its Subsidiaries for the nine-month period then ended and (ii) from and after the Effective Date, the unaudited consolidated balance sheet of the Guarantor and its Subsidiaries dated as of March 31, 2015 (or, to the extent the Specified Separation Transaction shall occur after June 30, 2015, and to the extent then available, as of June 30, 2015), and related statements of income, statements of cash flows and common shareholders' equity of the Guarantor and its Subsidiaries for three month (or six month, as applicable) period then ended, prepared on a Pro Forma Basis giving effect to the Specified Separation Transaction.

" ***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.

" ***Request for Issuance*** " has the meaning set forth in Section 2.04.

" ***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 Total Outstanding Principal.

" ***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.

" ***Revolving Credit Exposure*** " means, with respect to any Lender at any time, the sum of the outstanding principal amount of such Lender's Revolving Loans and its LC Exposure at such time.

" ***Revolving Loan*** " means a Loan made pursuant to Section 2.02.

" ***Sanctioned Country*** " means, at any time, a country or territory which is, or whose government 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.

" ***Specified Separation Transaction*** " means the publicly announced spinoff of the Guarantor's Columbia Pipeline Group 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 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 Credit Suisse Securities (USA) LLC, 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.

" ***Termination Date*** " means the earliest of (a) the five-year anniversary of the Effective Date, which date shall be notified to the Lenders by the Administrative Agent upon satisfaction of the conditions thereto as set forth in Section 3.02 (or such later date pursuant to an extension in accordance with the terms of Section 2.21) and (b) the date upon which the Commitments are terminated pursuant to Section 8.1 or otherwise.

" ***Total Outstanding Principal*** " means the aggregate amount of the Outstanding Loans of all Lenders plus the aggregate LC Exposure.

" ***Transactions*** " means the execution, delivery and performance by the Borrower and the Guarantor of this Agreement and the Borrowing of Loans and issuances of Letters of Credit 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.

"Unreimbursed LC Disbursement" means the unpaid obligation (or, if the context so requires, the amount of such obligation) of the Borrower to reimburse the applicable LC Bank for a payment made by such LC Bank under a Letter of Credit, but shall not include any portion of such obligation that has been repaid with the proceeds of, or converted to, Loans hereunder.

" ***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 Loan Party and the Administrative Agent.

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.

Section 1.05. Amendment and Restatement of the Existing Credit Agreement. The parties to this Agreement agree that, upon (i) the execution and delivery by each of the parties hereto of this Agreement and (ii) satisfaction of the conditions set forth in Sections 3.01 and 3.02, the terms and provisions of the Existing Credit Agreement shall be and hereby are amended, superseded and restated in their entirety by the terms and provisions of this Agreement. This Agreement is not intended to and shall not constitute a novation. All Loans made and Obligations incurred under the Existing Credit Agreement which are outstanding on the Effective Date shall continue as Loans and Obligations under (and shall be governed by the terms of) this Agreement and the other Credit Documents. Without limiting the foregoing, upon the effectiveness hereof: (a) all references in the "Credit Documents" (as defined in the Existing Credit Agreement) to the "Administrative Agent", the "Credit Agreement" and the "Credit Documents" shall be deemed to refer to the Administrative Agent, this Agreement and the Credit Documents, (b) the Existing Letters of Credit which remain outstanding on the Effective Date shall continue as Letters of Credit under (and shall be governed by the terms of) this Agreement, (c) all obligations constituting "Obligations" with any Lender or any Affiliate of any Lender which are outstanding on the Effective Date shall continue as Obligations under this Agreement and the other Credit Documents (subject to clause (f) below), (d) the Administrative Agent shall make such reallocations, sales, assignments or other relevant actions in respect of each Lender's credit exposure under the Existing Credit Agreement as are necessary in order that each such Lender's Revolving Credit Exposure and outstanding Revolving Loans hereunder reflects such Lender's Applicable Percentage of the outstanding aggregate Revolving Credit Exposures on the Effective Date, (e) the Borrower hereby agrees to compensate each Lender for any and all losses, costs and expenses incurred by such Lender (including the Departing Lenders) in connection with the sale and assignment of any Eurodollar Loans (including the "Eurodollar Loans" under the Existing Credit Agreement) and such reallocation described above, in each case on the terms and in the manner set forth in Section 2.16 hereof and (f) each Departing Lender's "Commitment" under the Existing Credit Agreement shall be terminated, each Departing Lender shall have received payment in full of all of the "Obligations" owing to it under the Existing Credit Agreement (other than obligations to pay fees and expenses with respect to which the Borrower has not received an invoice, contingent indemnity obligations and other contingent obligations owing to it under the "Credit Documents" as defined in the Existing Credit Agreement) and the Departing Lenders shall not be Lenders hereunder.

ARTICLE II
THE CREDITS

Section 2.01. Commitments.

(a) Subject to the terms and conditions set forth herein, each Lender severally agrees to make Revolving Loans in Dollars to the Borrower from time to time during the Availability Period in an aggregate principal amount that will not result in (i) such Lender's Revolving Credit Exposure exceeding such Lender's Commitment or (ii) the sum of the Revolving Credit Exposures of all of the Lenders exceeding the Aggregate Commitments.

(b) [Reserved].

(c) Subject to the terms and conditions set forth herein, each LC Bank agrees to issue, extend or amend Letters of Credit and each Lender severally agrees to participate in such Letters of Credit, in each case as set forth herein, from time to time during the Availability Period in an aggregate stated amount that

will not result in (i) the aggregate LC Outstandings under this Agreement exceeding $250,000,000, (ii) any Lender's Revolving Credit Exposure exceeding such Lender's Commitment, (iii) the aggregate LC Outstandings of all Letters of Credit issued by any LC Bank exceeding at any time such LC Bank's Letter of Credit Commitment or (iv) the sum of the Revolving Credit Exposures of all of the Lenders exceeding the Aggregate Commitments.

(d) Within the foregoing limits and subject to the terms and conditions set forth herein, the Borrower may borrow, prepay and reborrow Revolving Loans and request the issuance, extension or amendment of Letters of Credit.

Section 2.02. Revolving Loans and Revolving Borrowings; Requests for Borrowings.

a. Each Revolving Loan shall be made as part of a Borrowing consisting of Revolving 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 Revolving 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 Revolving 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 Revolving Borrowing is made, such Borrowing shall be in an aggregate amount that is an integral multiple of $1,000,000; provided that an ABR Revolving 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 ten Eurodollar Revolving Borrowings outstanding under this Agreement.

d. To request a Revolving 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; or (ii) in the case of an ABR Borrowing, not later than 12:00 noon, New York City time, on the date of the proposed Borrowing. Each 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 Revolving 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 Termination Date.

Section 2.03. [Reserved].

Section 2.04. Letters of Credit

(e) *LC Banks.* Subject to the terms and conditions hereof, the Borrower may from time to time request any LC Bank to issue, extend or amend one or more Letters of Credit hereunder. Any such request by the Borrower shall be notified to the Administrative Agent at least five Business Days prior to the date upon which the Borrower proposes that the applicable LC Bank issue, extend or amend such Letter of Credit and in the case of an extension request, shall be in substantially the form of Exhibit E (or such other form as shall be approved by the Administrative Agent and the applicable LC Bank) accompanied by the letter of credit application form of the LC Bank appropriately completed and signed by a Responsible Officer of the Borrower including agreed-upon draft language for such Letter of Credit reasonably acceptable to the applicable LC Bank. At no time shall (i) the aggregate LC Outstandings exceed the sum of the Commitments, (ii) the sum of the aggregate LC Outstandings under this Agreement exceed $250,000,000 or (iii) the aggregate LC Outstandings of all Letters of Credit issued by any LC Bank exceed at any time such LC Bank's Letter of Credit Commitment. No LC Bank shall be under any obligation to issue any Letter of Credit if (i) any order, judgment or decree of any Governmental Authority or arbitrator shall by its terms purport to enjoin or restrain such LC Bank from issuing such Letter of Credit, or any Law applicable to such LC Bank or any request or directive (whether or not having the force of law) from any Governmental Authority with jurisdiction over such LC Bank shall prohibit, or request that such LC Bank refrain from, the issuance of letters of credit generally or such Letter of Credit in particular or shall impose upon such LC Bank with respect to such Letter of Credit any restriction, reserve or capital requirement (for which such LC Bank is not otherwise compensated hereunder) not in effect on the Closing Date, or shall impose upon such LC Bank any unreimbursed loss, cost or expense which was not applicable on the Closing Date and which such LC Bank in good faith deems material to it, (ii) the issuance of such Letter of Credit would violate one or more policies of such LC Bank applicable to letters of credit generally (iii) except as otherwise agreed by the Administrative Agent and such LC Bank, such Letter of Credit is in an initial stated amount less than $10,000, (iv) such Letter of Credit is to be denominated in a currency other than Dollars or (v) such Letter of Credit contains any provisions for automatic reinstatement of the stated amount after any drawing thereunder. No LC Bank shall be under any obligation to amend or extend any Letter of Credit if (i) such Issuing Bank would have no obligation at such time to issue the Letter of Credit in its amended form under the terms hereof or (ii) the beneficiary of such Letter of Credit does not accept the proposed amendment thereto.

(f) *Letters of Credit.* Each Letter of Credit shall be issued (or the stated maturity thereof extended or terms thereof modified or amended) on not less than five Business Days' prior written notice thereof to the Administrative Agent (which shall promptly distribute copies thereof to the Lenders) and the applicable LC Bank. Each such notice (a ***"Request for Issuance"***) shall specify (i) the date (which shall be a Business Day) of issuance of such Letter of Credit (or the date of effectiveness of such extension, modification or amendment) and the stated expiry date thereof (which shall be not later than the Termination Date), (ii) the proposed stated amount of such Letter of Credit and (iii) such other information as shall demonstrate compliance of such Letter of Credit with the requirements specified therefor in this Agreement. Each Request for Issuance shall be irrevocable unless modified or rescinded by the Borrower not less than two days prior to the proposed date of issuance (or effectiveness) specified therein. If the applicable LC Bank shall have approved the form of such Letter of Credit (or such extension, modification or amendment thereof), such LC Bank shall not later than 11:00 A.M. (New York City time) on the proposed date specified in such Request for Issuance, and upon fulfillment of the applicable conditions precedent and the other requirements set forth

herein and as otherwise agreed to between such LC Bank and the Borrower, issue (or extend, amend or modify) such Letter of Credit and provide notice and a copy thereof to the Administrative Agent. The Administrative Agent shall furnish (x) to each Lender, a copy of such notice and (y) to each Lender that may so request, a copy of such Letter of Credit.

(g) *Reimbursement on Demand* . Subject to the provisions of Section 2.04(d) hereof, the Borrower hereby agrees to pay (whether with the proceeds of Loans made pursuant to this Agreement or otherwise) to the applicable LC Bank on demand (i) on and after each date on which such LC Bank shall pay any amount under any Letter of Credit issued by such LC Bank a sum equal to such amount so paid (which sum shall constitute a demand loan from such LC Bank to the Borrower from the date of such payment by such LC Bank until so paid by the Borrower), plus (ii) interest on any amount remaining unpaid by the Borrower to such LC Bank under clause (i), above, from the date such sum becomes payable on demand until payment in full, at a rate *per annum* which is equal to 2% plus the then applicable Alternate Base Rate until paid in full.

(h) *Loans for Unreimbursed LC Disbursements* . If any LC Bank shall make any payment under any Letter of Credit and if the conditions precedent set forth in Section 3.03 of this Agreement have been satisfied as of the date of such honor, then, each Lender's payment made to such LC Bank pursuant to paragraph (c) of this Section 2.04 in respect of such Unreimbursed LC Disbursement shall be deemed to constitute an ABR Loan made for the account of the Borrower by such Lender. Each such ABR Loan shall mature and be due and payable on the earlier of (i) the first March 31, June 30, September 30 or December 31 to occur following the date such ABR Loan is made and (ii) the Termination Date.

(i) *Participation; Reimbursement of the LC Banks* .

(i) Upon the issuance of any Letter of Credit by any LC Bank (and, in the case of the Existing Letters of Credit, on the Effective Date), such LC Bank hereby sells and transfers to each Lender, and each Lender hereby acquires from such LC Bank, an undivided interest and participation to the extent of such Lender's Applicable Percentage in and to such Letter of Credit, including the obligations of such LC Bank under and in respect thereof and the Borrower's reimbursement and other obligations in respect thereof, whether now existing or hereafter arising.

(ii) If any LC Bank shall not have been reimbursed in full for any payment made by such LC Bank under any Letter of Credit issued by such LC Bank on the date of such payment, such LC Bank shall promptly notify the Administrative Agent and the Administrative Agent shall promptly notify each Lender of such non-reimbursement and the amount thereof. Upon receipt of such notice from the Administrative Agent, each Lender shall pay to the Administrative Agent for the account of such LC Bank an amount equal to such Lender's Applicable Percentage of such Unreimbursed LC Disbursement, plus interest on such amount at a rate per annum equal to the Federal Funds Effective Rate from the date of such payment by such LC Bank to the date of payment to such LC Bank by such Lender. All such payments by each Lender shall be made in United States dollars and in same day funds not later than 3:00 P.M. (New York City time) on the later to occur of (A) the Business Day immediately following the date of such payment by the applicable LC Bank and (B) the Business Day on which such Lender shall have received notice of such non-reimbursement; *provided, however* , that if such notice is received by such Lender later than 11:00 A.M. (New York City time) on such Business Day, such payment shall be payable on the next Business Day. Each Lender agrees that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever. If a Lender shall have paid to the applicable LC Bank its ratable portion of any Unreimbursed LC Disbursement, together with all interest thereon required by the second sentence of this subparagraph (ii), such Lender shall be entitled to receive its ratable share of all interest paid by the Borrower in respect of such Unreimbursed LC Disbursement. If such Lender shall have made such payment to the applicable LC Bank, but without all such interest thereon required by the second sentence of this subparagraph (ii), such Lender shall be entitled to receive its ratable share of the interest paid by the

Borrower in respect of such Unreimbursed LC Disbursement only from the date it shall have paid all interest required by the second sentence of this subparagraph (ii).

(iii) The failure of any Lender to make any payment to the applicable LC Bank in accordance with subparagraph (ii) above, shall not relieve any other Lender of its obligation to make payment, but neither such LC Bank nor any Lender shall be responsible for the failure of any other Lender to make such payment. If any Lender shall fail to make any payment to the applicable LC Bank in accordance with subparagraph (ii) above, then such Lender shall pay to such LC Bank forthwith on demand such corresponding amount together with interest thereon, for each day until the date such amount is repaid to such LC Bank at the Federal Funds Effective Rate. Nothing herein shall in any way limit, waive or otherwise reduce any claims that any party hereto may have against any non-performing Lender.

(j) *Obligations Absolute.* The payment obligations of each Lender under Section 2.04(e) and of the Borrower under Section 2.04(c) of this Agreement in respect of any payment under any Letter of Credit and any Loan made under Section 2.04(d) shall be unconditional and irrevocable, and shall be paid strictly in accordance with the terms of this Agreement under all circumstances, including, without limitation, the following circumstances:

(i) any lack of validity or enforceability of any Credit Document or any other agreement or instrument relating thereto or to such Letter of Credit;

(ii) any amendment or waiver of, or any consent to departure from, all or any of the Credit Documents;

(iii) the existence of any claim, set-off, defense or other right which the Borrower may have at any time against any beneficiary, or any transferee, of such Letter of Credit (or any Persons for whom any such beneficiary or any such transferee may be acting), any LC Bank, or any other Person, whether in connection with this Agreement, the transactions contemplated herein or by such Letter of Credit, or any unrelated transaction;

(iv) any statement or any other document presented under such Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect;

(v) payment in good faith by the applicable LC Bank under the Letter of Credit issued by such LC Bank against presentation of a draft or certificate which does not comply with the terms of such Letter of Credit; or

(vi) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing.

(k) *Liability of LC Banks and the Lenders.* The Borrower assumes all risks of the acts and omissions of any beneficiary or transferee of any Letter of Credit. Neither the LC Banks, the Lenders nor any of their respective officers, directors, employees, agents or Affiliates shall be liable or responsible for (i) the use that may be made of such Letter of Credit or any acts or omissions of any beneficiary or transferee thereof in connection therewith; (ii) the validity, sufficiency or genuineness of documents, or of any endorsement thereon, even if such documents should prove to be in any or all respects invalid, insufficient, fraudulent or forged; (iii) payment by any LC Bank against presentation of documents that do not comply with the terms of such Letter of Credit, including failure of any documents to bear any reference or adequate reference to such Letter of Credit; or (iv) any other circumstances whatsoever in making or failing to make payment under such Letter of Credit, *except* that the Borrower or any Lender shall have the right to bring suit against the applicable LC Bank, and such LC Bank shall be liable to the Borrower and any Lender, to the extent of any direct, as opposed to consequential, damages suffered by the Borrower or such Lender which were caused by such LC Bank's wilful misconduct or gross negligence as determined by a court of competent jurisdiction in a final and non-appealable judgment, including such LC Bank's wilful or grossly negligent failure to make timely payment under such Letter of Credit following the presentation to it by the beneficiary thereof of a draft and accompanying certificate(s) which strictly comply with the terms and

conditions of such Letter of Credit. In furtherance and not in limitation of the foregoing, the applicable LC Bank may accept sight drafts and accompanying certificates presented under the Letter of Credit issued by such LC Bank that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary. Notwithstanding the foregoing, no Lender shall be obligated to indemnify the Borrower for damages caused by any LC Bank's wilful misconduct or gross negligence as determined by a court of competent jurisdiction in a final and non-appealable judgment, and the obligation of the Borrower to reimburse the Lenders hereunder shall be absolute and unconditional, notwithstanding the gross negligence or wilful misconduct of any LC Bank.

(l) *Transitional Provision* . Subject to the satisfaction of the conditions contained in Sections 3.01 and 3.02, from and after the Effective Date the Existing Letters of Credit shall be deemed to be Letters of Credit issued pursuant to this Section 2.04.

(i) *LC Bank Agreements* . Unless otherwise requested by the Administrative Agent, each LC Bank shall report in writing to the Administrative Agent (i) promptly following the end of each calendar month, the aggregate amount of Letters of Credit issued by it and outstanding at the end of such month, (ii) on or prior to each Business Day on which such LC Bank expects to issue, amend, renew or extend any Letter of Credit, the date of such issuance, amendment, renewal or extension, and the aggregate face amount of the Letters of Credit to be issued, amended, renewed or extended by it and outstanding after giving effect to such issuance, amendment, renewal or extension occurred (and whether the amount thereof changed), it being understood that such LC Bank shall not permit any issuance, renewal, extension or amendment resulting in an increase in the amount of any Letter of Credit to occur without first obtaining written confirmation from the Administrative Agent that it is then permitted under this Agreement, (iii) on each Business Day on which such LC Bank makes any LC Disbursement, the date of such LC Disbursement and the amount of such LC Disbursement, (iv) on any Business Day on which the Borrower fails to reimburse an LC Disbursement required to be reimbursed to such LC Bank on such day, the date of such failure and the amount of such LC Disbursement and (v) on any other Business Day, such other information as the Administrative Agent shall reasonably request.

Section 2.05. Funding of Borrowings.

(m) 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.

(n) 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.

(o) 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. 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.

(p) 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 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.

(q) 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.

(r) 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.

(s) 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. Mandatory Termination or Reduction of Commitments.

Unless previously terminated, the Commitments shall terminate on the Termination Date.

Section 2.08. Mandatory Prepayments.

(t) If at any time the Total Outstanding Principal exceeds the Aggregate Commitments then in effect for any reason whatsoever (including, without limitation, as a result of any reduction in the Aggregate Commitments pursuant to Section 2.09), the Borrower shall prepay Loans or cash collateralize LC Exposure in an account with the Administrative Agent pursuant to the final paragraph of Section 8.01, as applicable, in such aggregate amount (together with accrued interest thereon to the extent required by Section 2.13) as shall be necessary so that, after giving effect to such prepayment, the Total Outstanding Principal does not exceed the Aggregate Commitments.

(u) Each prepayment of Loans pursuant to this Section 2.08 shall be accompanied by the Borrower's payment of any amounts payable under Section 2.16 in connection with such prepayment. Prepayments of Revolving Loans shall be applied ratably to the Loans so prepaid.

Section 2.09. Optional Reduction or Termination of Commitments.

(v) The Borrower may at any time terminate, or from time to time reduce, the Commitments (including the unused Letter of Credit Commitments of the LC Banks); *provided* that (i) each reduction of the Commitments shall be in an amount that is an integral multiple of $10,000,000 and (ii) the Borrower shall not terminate or reduce the Commitments if, after giving effect to any concurrent prepayment of the Loans in accordance with Section 2.11, the Total Outstanding Principal would exceed the Aggregate Commitments thereafter in effect.

(w) 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.

(x) 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.

(y) The Borrower hereby unconditionally promises to pay to the Administrative Agent (i) for the account of each Lender the then unpaid principal amount of each Revolving Loan on the Termination Date and (ii) for the account of each Lender the then unpaid principal amount of each ABR Loan deemed to be made pursuant to Section 2.04(d) on the maturity date therefor as determined pursuant to Section 2.04(d).

(z) 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 each Loan made by such Lender, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(aa) 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.

(ab) 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.

(ac) 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.

(ad) 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.

(ae) 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 telecopy 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 Revolving Borrowing shall be in an amount that would be permitted in the case of an advance of a Revolving 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 Revolving Loans of all Lenders. Each prepayment of a Revolving Borrowing shall be applied ratably to the Loans included in the prepaid Revolving 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.

(af) The Borrower agrees to pay to the Administrative Agent for the account of each Lender a facility fee (each a " ***Facility Fee*** "), which shall accrue at the Applicable Rate on the daily amount of the Commitment of such Lender (whether used or unused) during the period from and including the Effective Date to but excluding the date on which such Commitment terminates; *provided* that, if such Lender continues to have any Revolving Credit Exposure after its Commitment terminates, then such Facility Fee shall continue to accrue on the daily amount of such Lender's Revolving Credit Exposure from and including the date on which its Commitment terminates to but excluding the date on which such Lender ceases to have any Revolving Credit Exposure. Accrued Facility 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 the Commitments terminate, commencing on the first such date to occur after the Effective Date; *provided* that any Facility Fees accruing after the date on which the Commitments terminate shall be payable on demand. All Facility 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).

(ag) The Borrower agrees to pay to the Administrative Agent for the account of each Lender a letter of credit risk participation fee (each a " ***LC Risk Participation Fee*** "), which shall accrue at the Applicable Rate on the average daily amount of the LC Outstandings during the period from and including the Effective

Date to but excluding the Termination Date or such later date as on which there shall cease to be any LC Outstandings. Accrued LC Risk Participation 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 the Commitments terminate, commencing on the first such date to occur after the Effective Date; *provided* that any LC Risk Participation Fees accruing after the date on which the Commitments terminate shall be payable on demand. All LC Risk Participation 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). The Borrower shall also pay to the LC Bank for its own account (x) a fronting fee, which fronting fee shall accrue at a per annum rate agreed upon between the Borrower and the applicable LC Bank on the average daily amount of such LC Outstandings in respect of all Letters of Credit issued by such LC Bank during the period each such Letter of Credit shall be outstanding, which fronting fee shall be payable in arrears on the last day of March, June, September and December of each year and on the date on which such Letter of Credit terminates, and (y) documentary and processing charges in connection with the issuance, or modification cancellation, negotiation, or transfer of, and draws under Letters of Credit issued by such LC Bank in accordance with such LC Bank's standard schedule for such charges as in effect from time to time.

(ah) The Borrower agrees to pay to the Administrative Agent, JPMorgan Chase Bank, N.A. and Wells Fargo Bank, National Association, 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 letter dated November 7, 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.

(ai) 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.

(aj) The Loans comprising each ABR Borrowing shall bear interest at a rate *per annum* equal to the Alternate Base Rate plus the Applicable Rate.

(ak) 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.

(al) [Reserved].

(am) 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.

(an) 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 (d) 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 Revolving 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.

(ao) 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:

(ap) 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

(aq) 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 Revolving Borrowing to, or continuation of any Revolving Borrowing as, a Eurodollar Borrowing shall be ineffective and (ii) if any Borrowing Request requests a Eurodollar Revolving Borrowing, such Borrowing shall be made as an ABR Borrowing.

Section 2.15. Increased Costs.

(ar) 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 or any LC Bank (except any such reserve requirement described in paragraph (e) of this Section);

(ii) impose on any Lender or any LC Bank or the London interbank market any other condition affecting this Agreement or Eurodollar Loans made by such Lender or participation therein or Unreimbursed LC Disbursements or Letters of Credit and participations 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, Letter of Credit Commitment 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, such Lender or such LC Bank of making, continuing, converting to or maintaining any Loan or Unreimbursed LC Disbursement or issuing or maintaining Letters of Credit and participation interests therein (or of maintaining its obligation to make any such Loan or issue or participate in such Letter of Credit) or to reduce the amount of any sum received or receivable by the Administrative Agent, such Lender or such LC Bank hereunder (whether of principal, interest or otherwise), then the Borrower will pay to the Administrative Agent, such Lender or such LC Bank, as the case may be, such additional amount or amounts as will compensate the Administrative Agent, such Lender or such LC Bank for such additional costs incurred or reduction suffered.

(as) If any Lender or any LC Bank determines that any Change in Law regarding capital adequacy or liquidity requirements has or would have the effect of reducing the rate of return on such Lender's or such LC Bank'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 such LC Bank 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 or such LC Bank, as the case may be, such additional amount or amounts as will compensate it or its holding company for any such reduction suffered.

(at) A certificate of a Lender or the applicable LC Bank, as the case may be, 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.

(au) Failure or delay on the part of any Lender or any LC Bank 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 or such LC Bank 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.

(av) 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.

(aw) 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 Revolving 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.

(ax) 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.

(ay) In addition, the Borrower shall pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law.

(az) 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 any LC Bank, or by the Administrative Agent on its own behalf or on behalf of a Lender or any LC Bank, shall be conclusive absent manifest error.

(ba) As soon as practicable after any payment of Indemnified Taxes by a Loan Party to a Governmental Authority, such Loan 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.

(bb)

(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.

(bc) 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.

(bd) 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.

(be) 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.

(bf) 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.

(bg) 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.

(bh) 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 Revolving 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 Revolving 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.

(bi) 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.

(bj) If any Lender shall fail to make any payment required to be made by it pursuant to Section 2.04(e), 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.

(bk) 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.

(bl) 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.

(bm) 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.

(bn) 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.

(bo) 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 and each LC Bank, which consent, in the case of the Administrative Agent, shall not unreasonably be withheld and, in the case of each LC Bank, may be given or withheld in the sole discretion of such LC Bank, (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:

(bp) fees shall cease to accrue on the Commitment of such Defaulting Lender pursuant to Section 2.12(a);

(bq) the Commitment and Revolving Credit Exposure 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 clause (b) 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;

(br) if any LC Exposure exists at the time such Lender becomes a Defaulting Lender then:

(i) so long as no Default shall be continuing, all or any part of the LC Exposure of such Defaulting Lender shall be reallocated among the non-Defaulting Lenders in accordance with their respective Applicable Percentages but only to the extent the sum of all non-Defaulting Lenders' Revolving Credit Exposures plus such Defaulting Lender's LC Exposure does not exceed the total

of all non-Defaulting Lenders' Commitments and to the extent the sum of each non-Defaulting Lender's Revolving Credit Exposure and LC Exposure does not exceed such non-Defaulting Lender's Commitment;

(ii) if the reallocation described in clause (i) above cannot, or can only partially, be effected, the Borrower shall within one (1) Business Day following notice by the Administrative Agent cash collateralize for the benefit of the applicable LC Bank only the Borrower's obligations corresponding to such Defaulting Lender's LC Exposure (after giving effect to any partial reallocation pursuant to clause (i) above) in accordance with the procedures set forth in the last paragraph of Section 8.01 for so long as such LC Exposure is outstanding;

(iii) if the Borrower cash collateralizes any portion of such Defaulting Lender's LC Exposure pursuant to clause (ii) above, the Borrower shall not be required to pay any fees to such Defaulting Lender pursuant to Section 2.12(b) or the applicable LC Bank pursuant to Section 2.12(b)(x) (solely with respect to any fronting fee), in each case with respect to such Defaulting Lender's LC Exposure during the period such Defaulting Lender's LC Exposure is cash collateralized;

(iv) if the LC Exposure of the non-Defaulting Lenders is reallocated pursuant to clause (i) above, then the fees payable to the Lenders pursuant to Section 2.12(b) shall be adjusted in accordance with such non-Defaulting Lenders' Applicable Percentages;

(v) if all or any portion of such Defaulting Lender's LC Exposure is neither reallocated nor cash collateralized pursuant to clause (i) or (ii) above, then, without prejudice to any rights or remedies of any LC Bank or any other Lender hereunder, all Facility Fees that otherwise would have been payable to such Defaulting Lender (solely with respect to the portion of such Defaulting Lender's Commitment that was utilized by such LC Exposure) and letter of credit fees payable under Section 2.12(b) with respect to such Defaulting Lender's LC Exposure shall be payable to the applicable LC Bank until and to the extent that such LC Exposure is reallocated and/or cash collateralized; and

(bs) so long as such Lender is a Defaulting Lender, no LC Bank shall be required to issue, amend or increase any Letter of Credit, unless it is reasonably satisfied that (i) the related exposure and the Defaulting Lender's then outstanding LC Exposure will be 100% covered by the Commitments of the non-Defaulting Lenders and/or cash collateral will be provided by the Borrower in accordance with Section 2.20(c), and (ii) participating interests in any such newly issued or increased Letter of Credit shall be allocated among non-Defaulting Lenders in a manner consistent with Section 2.20(c)(i) (and such Defaulting Lender shall not participate therein).

If (i) a Bankruptcy Event with respect to a Parent of any Lender shall occur following the date hereof and for so long as such event shall continue or (ii) any LC Bank has a good faith belief that any Lender has defaulted in fulfilling its obligations under one or more other agreements in which such Lender commits to extend credit, no LC Bank shall be required to issue, amend or increase any Letter of Credit, unless the applicable LC Bank shall have entered into arrangements with the Borrower or such Lender, satisfactory to the applicable LC Bank to defease any risk to it in respect of such Lender hereunder.

In the event that the Administrative Agent, the Borrower and the LC Banks each agrees that a Defaulting Lender has adequately remedied all matters that caused such Lender to be a Defaulting Lender, then the LC Exposure 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.

Section 2.21. Extension of Termination Date

(bt) The Borrower may at any time and from time to time not more than sixty (60) days and not less than thirty (30) days prior to any anniversary of the Effective Date (other than the Termination Date),

by notice to the Administrative Agent (who shall promptly notify the Lenders), request that each Lender extend (each such date on which an extension occurs, an " ***Extension Date*** ") such Lender's Termination Date to the date that is one year after the Termination Date then in effect for such Lender (the " ***Existing Termination Date*** ").

(bu) Each Lender, acting in its sole and individual discretion, shall, by notice to the Administrative Agent given not later than the date that is ten (10) Business Days after the date on which the Administrative Agent received the Borrower's extension request (the " ***Lender Notice Date*** "), advise the Administrative Agent whether or not such Lender agrees to such extension (each Lender that determines to so extend its Termination Date, an " ***Extending Lender*** "). Each Lender that determines not to so extend its Termination Date (a " ***Non-Extending Lender*** ") shall notify the Administrative Agent of such fact promptly after such determination (but in any event no later than the Lender Notice Date), and any Lender that does not so advise the Administrative Agent on or before the Lender Notice Date shall be deemed to be a Non-Extending Lender. The election of any Lender to agree to such extension shall not obligate any other Lender to so agree, and it is understood and agreed that no Lender shall have any obligation whatsoever to agree to any request made by the Borrower for extension of the Termination Date.

(bv) The Administrative Agent shall promptly notify the Borrower of each Lender's determination under this Section.

(bw) The Borrower shall have the right, but shall not be obligated, on or before the applicable Termination Date for any Non-Extending Lender to replace such Non-Extending Lender with, and add as "Lenders" under this Agreement in place thereof, one or more financial institutions that are not Ineligible Institutions (each, an " ***Additional Commitment Lender*** ") approved by the Administrative Agent and the LC Banks in accordance with the procedures provided in Section 2.19(d), each of which Additional Commitment Lenders shall have entered into an Assignment and Assumption (in accordance with and subject to the restrictions contained in Section 11.04, with the Borrower obligated to pay any applicable processing or recordation fee; provided , that the Administrative Agent may, in its sole discretion, elect to waive the $3,500 processing and recordation fee in connection therewith) with such Non-Extending Lender, pursuant to which such Additional Commitment Lenders shall, effective on or before the applicable Termination Date for such Non-Extending Lender, assume a Commitment (and, if any such Additional Commitment Lender is already a Lender, its Commitment shall be in addition to such Lender's Commitment hereunder on such date). Prior to any Non-Extending Lender being replaced by one or more Additional Commitment Lenders pursuant hereto, such Non-Extending Lender may elect, in its sole discretion, by giving irrevocable notice thereof to the Administrative Agent and the Borrower (which notice shall set forth such Lender's new Termination Date), to become an Extending Lender. The Administrative Agent may effect such amendments to this Agreement as are reasonably necessary to provide solely for any such extensions with the consent of the Borrower but without the consent of any other Lenders.

(bx) If (and only if) the total of the Commitments of the Lenders that have agreed to extend their Termination Date and the new or increased Commitments of any Additional Commitment Lenders is more than 50% of the aggregate amount of the Commitments in effect immediately prior to the applicable Extension Date, then, effective as of the applicable Extension Date, the Termination Date of each Extending Lender and of each Additional Commitment Lender shall be extended to the date that is one year after the then Existing Termination Date (except that, if such date is not a Business Day, such Termination Date as so extended shall be the immediately preceding Business Day) and each Additional Commitment Lender shall thereupon become a "Lender" for all purposes of this Agreement and shall be bound by the provisions of this Agreement as a Lender hereunder and shall have the obligations of a Lender hereunder. For purposes of clarity, it is acknowledged and agreed that the Termination Date on any date of determination shall not be a date more than five (5) years after such date of determination, whether such determination is made before or after giving effect to any extension request made hereunder.

(by) Notwithstanding the foregoing, (x) no more than two (2) extensions of the Termination Date shall be permitted hereunder and (y) any extension of any Revolving Termination Date pursuant to this Section 2.21 shall not be effective with respect to any Extending Lender unless:

(i) no Default or Event of Default shall have occurred and be continuing on the applicable Extension Date and immediately after giving effect thereto;

(ii) the representations and warranties of the Borrower set forth in this Agreement are true and correct on and as of the applicable Extension Date and after giving effect thereto, as though made on and as of such date (or to the extent that such representations and warranties specifically refer to an earlier date, as of such earlier date); and

(iii) the Administrative Agent shall have received a certificate dated as of the applicable Extension Date from the Borrower signed by an Authorized Officer of the Borrower (A) certifying the accuracy of the foregoing clauses (i) and (ii) and (B) certifying and attaching the resolutions adopted by the Borrower approving or consenting to such extension.

(bz) On the Termination Date of each Non-Extending Lender, (i) the Commitment of each Non-Extending Lender shall automatically terminate and (ii) the Borrower shall repay such Non-Extending Lender in accordance with Section 2.09 (and shall pay to such Non-Extending Lender all of the other Obligations owing to it under this Agreement) and after giving effect thereto shall prepay any Revolving Loans outstanding on such date (and pay any additional amounts required pursuant to Section 2.15) to the extent necessary to keep outstanding Revolving Loans ratable with any revised Applicable Percentages of the respective Lenders effective as of such date, and the Administrative Agent shall administer any necessary reallocation of the Revolving Credit Exposures (without regard to any minimum borrowing, pro rata borrowing and/or pro rata payment requirements contained elsewhere in this Agreement).

(h) This Section shall supersede any provisions in Section 2.18 or Section 11.02 to the contrary.

ARTICLE III
CONDITIONS

Section 3.01. Conditions Precedent to the Closing Date.

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).

(ca) 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.

(cb) 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 those certain fee letters dated November 7, 2014, executed and delivered with respect to the credit facility provided for herein, shall have received all fees required to be paid by the Closing Date (including, without limitation, all fees owing on the Closing Date under Section 2.12(c) hereof), and all expenses for which invoices have been presented on or before the Closing Date.

(cc) 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.

(cd) 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 Closing 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.

(ce) (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 Closing 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 Closing 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 set forth in Section 4.01 (a) through (p), inclusive, (r) and (s), as though made on and as of the Closing Date, and (E) the absence, as of the Closing Date, of any Default or Event of Default; and (ii) each of such certifications shall be true.

(cf) 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 Closing Date.

(cg) 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.

(h) The Administrative Agent and the Lenders shall have received, at least ten business days prior to the Closing 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 the Effective Date.

The obligations of each Lender to make any initial Extension of Credit and of any LC Bank to make any initial issuance of a Letter of Credit shall be subject to the satisfaction (or waiver in accordance with Section 11.02) of each of the following:

(ch) 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 those certain fee letters dated November 7, 2014, 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, any fees owing on the Effective Date under Section 2.12 (c) hereof), and all expenses for which invoices have been presented on or before the Effective Date.

(ci) (i) The Administrative Agent shall have received a certificate or certificates 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, as of the Effective Date, of any Default or Event of Default, (B) after giving effect to the transactions (including

the Specified Separation Transaction) the financial covenants contained in Article VII are in compliance on a Pro Forma Basis, (C) the occurrence of the Specified Separation Transaction and (D) the attachment thereto of full and complete copies of the Referenced Annual Financial Statements described in clause (ii) of the definition thereof and the Referenced Quarterly Financial Statements described in clause (ii) of the definition thereof; and (ii) each of such certifications shall be true.

(cj) After giving effect to the Specified Separation Transaction, the representations and warranties of the Borrower and the Guarantor set forth in this Agreement shall be true and correct in all material respects on and as of the Effective Date, 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.

(e) Evidence of (i) termination of that certain Term Loan Agreement, dated as of August 20, 2014, by and among the Borrower, NiSource, the lenders parties thereto and JPMorgan Chase Bank, N.A., as administrative agent, (ii) termination of that certain Amended and Restated Credit Agreement, dated as of April 15, 2013, by and among the Borrower, NiSource, the lenders parties thereto and JPMorgan Chase Bank, N.A., as administrative agent and (iii) payment in full received by each Departing Lender of all of the "Obligations" owing to it under the Existing Credit Agreement (other than obligations to pay fees and expenses with respect to which the Borrower has not received an invoice, contingent indemnity obligations and other contingent obligations owing to it under the "Credit Documents" as defined in the Existing Credit Agreement).

The Administrative Agent shall notify the Borrower and the Lenders of the satisfaction of the foregoing conditions on the Effective Date, and such notice shall be conclusive and binding. Notwithstanding the foregoing, the obligations of the Lenders to make Loans hereunder shall not become effective unless each of the foregoing conditions is satisfied (or waived pursuant to Section 11.02) on or before October 1, 2015 (and, in the event such conditions are not so satisfied or waived, this Agreement shall terminate and the Existing Credit Agreement shall remain in effect). For the avoidance of doubt, nothing hereunder shall affect the Existing Credit Agreement unless and until the occurrence of the Effective Date of this Agreement.

Section 3.03. Conditions Precedent to Each Extension of Credit.

The obligation of each Lender to make any Extension of Credit and of each LC Bank to issue, extend (other than an extension pursuant to an automatic extension provision set forth in the applicable Letter of Credit) or amend any Letter 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:

(ck) 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 each Extension of Credit and each Extension Date, 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.

(cl) After giving effect to (A) such Extension of Credit, together with all other Extensions of Credit to be made contemporaneously therewith, and (B) the repayment of any Loans or Unreimbursed LC Disbursements that are to be contemporaneously repaid at the time such Loan is made, such Extension of Credit will not result in the sum of the then Total Outstanding Principal exceeding the Aggregate Commitments.

(cm) Such Extension of Credit will comply with all other applicable requirements of Article II, including, without limitation Sections 2.01, 2.02 and 2.04, as applicable.

(cn) 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 or would result from such Extension of Credit or from the application of the proceeds thereof.

(co) In the case of a Revolving Loan, the Administrative Agent shall have timely received a Borrowing Request; and, in the case of a Letter of Credit issuance, extension (other than an extension pursuant to an automatic extension provision set forth in the applicable Letter of Credit) or amendment, a Request for Issuance.

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), (c) and (d) 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:

(cp) 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.

(cq) 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.

(cr) 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.

(cs) 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.

(ct) The Referenced Annual Financial Statements, 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 the date thereof 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.

(cu) The Referenced Quarterly Financial Statements, 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 the date thereof 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.

(cv) Other than the Specified Separation Transaction, 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, prior to the Specified Separation Transaction, of Columbia.

(cw) 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.

(cx) 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 or Letter of Credit hereunder will be used to buy or carry any Margin Stock.

(cy) 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.

(cz) Schedule SB (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 SB there has been no adverse change in such funding status which may reasonably be expected to have a Material Adverse Effect.

(da) 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.

(db) 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.

(dc) 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.

(dd) 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.

(de) 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.

(df) 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).

(dg) 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.

(dh) 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 credit 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.

From and after the Effective Date, so long as any Lender shall have any Commitment hereunder or any principal of any Loan, Unreimbursed LC Disbursement, interest or fees payable hereunder shall remain unpaid or any Letter of Credit shall remain outstanding, each of the Credit Parties will, unless the Required Lenders shall otherwise consent in writing:

(di) ***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.

(dj) ***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.

(dk) ***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 be 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.

(dl) ***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.

(dm) ***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* (i) 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 and (ii) the Specified Separation Transaction shall be permitted.

(dn) ***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.

(do) ***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.

(dp) ***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, 2015, 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, 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 ended 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, 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(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 for distribution to the Lenders, within the time period required by such clause, that such documents or information are so available.

(dq) ***Use of Proceeds*** . Use the proceeds of the Loans and the Letters of Credit hereunder for working capital and other general corporate purposes, including refinancing of existing indebtedness and not request any Extensions of Credit, 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 Extension of Credit 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.

(dr) ***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.

From and after the Effective Date and, so long as any Lender shall have any Commitment hereunder or any principal of any Loan, Unreimbursed LC Disbursement, interest or fees payable hereunder shall remain unpaid or any Letter of Credit shall remain outstanding, no Credit Party will, without the written consent of the Required Lenders:

(ds) ***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 Unreimbursed LC Disbursements 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.

(dt) ***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 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), (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

(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 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.

(du) ***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, 2013; or (iii) the Specified Separation Transaction.

(dv) ***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.

(dw) ***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

From and after the Effective Date, so long as any Lender shall have any Commitment hereunder or any principal of any Loan, Unreimbursed LC Disbursement, interest or fees payable hereunder shall remain unpaid or any Letter of Credit shall remain outstanding, 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:

(dx) From and after the Closing Date until the Effective Date:

(i) The Borrower shall fail to pay any fees or amounts hereunder when the same becomes due and payable within three Business Days after when the same becomes due and payable; or

(ii) Any representation or warranty made by any Credit Party as of the Closing Date pursuant to 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

(iii) any "Event of Default" shall occur under (and as defined in) the Existing NiSource Credit Agreement.

(dy) From and after the Effective Date:

(i) The Borrower shall fail to pay any principal of any Loan or Unreimbursed LC Disbursement 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

(ii) 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

(iii) 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

(iv) 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 (b) (i), (ii) or (iii) 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

(v) 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

(vi) 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

(vii) 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

(viii) 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

(ix) 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 clauses (x), (xi) and (xii) of this Section 8.01(b)), and a Material Adverse Effect could reasonably be expected to occur as a result thereof; or

(x) 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 clauses (ix), (xi) and (xii) of this Section 8.01(b)), and a Material Adverse Effect could reasonably be expected to occur as a result thereof; or

(xi) 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 clauses (ix), (x) and (xii) of this Section 8.01(b)), and a Material Adverse Effect could reasonably be expected to occur as a result thereof; or

(xii) 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 clauses (ix), (x) and (xi) of this Section 8.01(b)), and a Material Adverse Effect could reasonably be expected to occur as a result thereof; or

(xiii) 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

(xiv) 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 and the obligation of each LC Bank to issue or maintain Letters of Credit hereunder 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 and the obligation of each LC Bank to issue or maintain Letters of Credit 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.

Notwithstanding anything to the contrary contained herein, no notice given or declaration made by the Administrative Agent pursuant to this Section 8.01 shall affect (i) the obligation of any LC Bank to make any payment under any outstanding Letter of Credit issued by such LC Bank in accordance with the terms of such Letter of Credit or (ii) the obligations of each Lender in respect of each such Letter of Credit; *provided, however* , that upon the occurrence and during the continuance of any Event of Default, the Administrative Agent shall at the request, or may with the consent, of the Required Lenders, upon notice to the Borrower, require the Borrower to deposit with the Administrative Agent an amount in the cash account (the ***"Cash Account"***) described below equal to the then current LC Outstandings. Such Cash Account shall at all times be free and clear of all rights or claims of third parties. The Cash Account shall be maintained with the Administrative Agent in the name of, and under the sole dominion and control of, the Administrative Agent, and amounts deposited in the Cash Account shall bear interest at a rate equal to the rate generally offered by Barclays for deposits equal to the amount deposited by the Borrower in the Cash Account pursuant to this Section 8.01, for a term to be agreed to between the Borrower and the Administrative Agent. If any drawings under any Letter of Credit then outstanding or thereafter made are not reimbursed in full immediately upon demand or, in the case of subsequent drawings, upon being made, then, in any such event, the Administrative Agent may apply the amounts then on deposit in the Cash Account, in such priority as the Administrative Agent shall elect, toward the payment in full of any or all of the Borrower's obligations hereunder as and when such obligations shall become due and payable. Upon payment in full, after the termination of the Letters of Credit, of all such obligations, the Administrative Agent will repay to the Borrower any cash then on deposit in the Cash Account.

ARTICLE IX
THE ADMINISTRATIVE AGENT

Section 9.01. The Administrative Agent.

(dz) Each of the Lenders and each LC Bank 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.

(ea) 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.

(eb) 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.

(ec) 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.

(ed) 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.

(ee) 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.

(ef) 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.

(eg) No Lender identified on the signature pages of this Agreement as a "Lead Arranger", "Co-Documentation Agent" or "Syndication Agent", or that is given any other title hereunder other than "LC Bank" or "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", "Co-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.

(eh) 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 and LC Banks; *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) the LC Banks from exercising the rights and remedies that inure to its benefit (solely in its capacity as LC Bank) hereunder and under the other Credit Documents, (iii) any Lender from exercising setoff rights in accordance with Section 11.08 (subject to the terms of Section 2.18(c)) or (iv) 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.

(ei) Each Lender acknowledges and agrees that the Extensions of Credit made hereunder are commercial loans and letters of credit 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 informa-tion (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.

(ej) 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*** ".

(ek) 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.

(el) 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 and Letters of Credit 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.

(em) 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.

(en) 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.

(eo) 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.

(ep) 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.

(eq) 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.

(er) 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.

(es) 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.

(et) 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 86 th 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 86 th Avenue
Merrillville, Indiana 46410
Attention: Assistant Treasurer
Telecopier: (219) 647-6116;

(b) if to the Administrative Agent, to Barclays Bank PLC at:
1301 Sixth Avenue
New York, New York 10019
Attn: Justin Snell
Telecopier: (917) 522-0569
Telephone: (212) 320-0708
Email: justin.snell@barclays.com
Email: xrausloanops5@barclays.com

with a copy to such party at:

745 Seventh Avenue
New York, NY 10019
Attn: Alicia Borys / Mat Cybul
Telecopier: (212) 526-5115
Email: alicia.borys@barclays.com / Mathew.cybul@barclays.com
Email: ltmny@barclays.com

(c) if to Barclays as an Initial LC Bank, at:
200 Park Avenue
New York, NY 10166
Attn: Letters of Credit / Dawn Townsend
Telecopier: (212) 412 5011
Email: xraletterofcredit@barclays.com

(d) if to any Lender or any LC Bank (other than Barclays), 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 (f) below, shall be effective as provided in said paragraph (f).

(e) 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.

(f) 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.

(g) 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.

(h) 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, any LC Bank 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, the LC Banks 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, any LC Bank 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 any Unreimbursed LC Disbursement 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, any Unreimbursed LC Disbursement 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 or any of the conditions precedent to the Effective Date set forth in Section 3.02, in each case, without the written consent of each Lender, (vii) issue any Letter of Credit with an expiry date, or extend the expiry date of any Letter of Credit to a date, that is later than the Termination Date without the written consent of each Lender, or (viii) 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 or any LC Bank hereunder without the prior written consent of the Administrative Agent or such LC Bank, as the case may be.

Section11.03. 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), (ii) all reasonable out-of-pocket expenses incurred by the LC Banks, including the reasonable fees, charges and disbursements of counsel for each LC Bank, in connection with the execution, delivery, administration, modification and amendment of any Letters of Credit to be issued by it hereunder, and (iii) all reasonable out-of-pocket expenses incurred by the Administrative Agent, any LC Bank or any Lender, including the reasonable fees, charges and disbursements of any counsel for the Administrative Agent, any LC Bank 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 and Letters of Credit issued 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 Co-Documentation Agent, each LC Bank and 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 Letter of Credit 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, damages, etc. arising from any non-Tax claim.

(c) To the extent that the Borrower fails to pay any amount required to be paid by it to the Administrative Agent or any LC Bank under paragraph (a) or (b) of this Section, each Lender severally agrees to pay to the Administrative Agent or such LC Bank 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 or such LC Bank 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.

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 each LC Bank (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 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;

(B) the Administrative Agent; and

(C) each LC Bank.

(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 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, (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 (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, the LC Banks 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, any LC Bank 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 through 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.

(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, 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.

(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 and issuance of any Letters of Credit. 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 Sections 3.01 and 3.02, 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 and each LC Bank 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 or such LC Bank, irrespective of whether or not such Lender or such LC Bank shall have made any demand under this Agreement and although such Obligations may be unmatured. The rights of each Lender and each LC Bank 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, any LC Bank 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, any LC Bank 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, any LC Bank 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 Co-Documentation Agents, the Syndication Agent, the Arrangers and the Lenders in connection with the administration of this Agreement, the other Loan 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. 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: David J. Vajda
Title: Vice President, Treasurer and Chief Risk Officer

Federal Tax Identification Number: 35-2105468

NISOURCE INC., as Guarantor

By:
Name: David J. Vajda
Title: Vice President, Treasurer and Chief Risk Officer

Federal Tax Identification Number: 35-2108964

BARCLAYS BANK PLC, as a Lender, as an LC Bank and as Administrative Agent

By:
Name:
Title:

CREDIT SUISSE AG, CAYMAN ISLANDS BRANCH, as a Lender and as an LC Bank

By:
Name:
Title:

By:
Name:
Title:

[OTHER LENDERS], as a Lender

By:
Name:
Title:

The undersigned Departing Lender hereby acknowledges and agrees that, from and after the Effective Date, it is no longer a party to the Existing Credit Agreement or any of the Credit Documents executed in connection therewith and will not be a party to this Agreement.

ROYAL BANK OF SCOTLAND plc, as a Departing Lender

By _____

Name:

Title:

Annex A

PRICING GRID

The "Applicable Rate" for any day with respect to any Eurodollar Loan, ABR Loan, Facility Fee or LC Risk Participation Fee, 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 Revolving Loans (basis points)	100	107.5	127.5	147.5	165
ABR Loans (basis points)	0	7.5	27.5	47.5	65
Facility Fee (basis points)	12.5	17.5	22.5	27.5	35
LC Risk Participation Fee (basis points)	100	107.5	127.5	147.5	165

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 Third Amended and Restated Revolving Credit Agreement identified below (as amended, the " Credit 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 Credit 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 Credit 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 letters of credit and 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 Credit 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] Select as applicable.

3.	Borrower(s):	NiSource Finance Corp., an Indiana corporation
4.	Administrative Agent:	Barclays Bank PLC, as the administrative agent under the Credit Agreement
5.	Credit Agreement:	The Third Amended and Restated Revolving Credit Agreement dated as of December 4, 2014 among NiSource Finance Corp., as borrower, NiSource Inc., a Delaware corporation, as guarantor, the Lenders parties thereto, Barclays Bank PLC, as Administrative Agent, and the other agents parties thereto

6. Assigned Interest:

Aggregate Amount of Commitment/Loans for all Lenders	Amount of Commitment/ Loans Assigned	Percentage Assigned of Commitment/Loans Set forth, so at least 9 decimals, as a percentage of the Commitment/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:
BARCLAYS BANK PLC, as Administrative Agent and LC Bank
By: _____
Title:

Consented to:
[_____], as LC Bank
By: _____
Title:

[NISOURCE FINANCE CORP., as Borrower] To be added only if the consent of the Borrower is required by the terms of the Credit Agreement.
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 Credit 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 Credit Agreement, (ii) it satisfies the requirements, if any, specified in the Credit 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 Credit 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 Credit 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 Credit 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

[See Attached.]

EXHIBIT C

FORM OF REVOLVING LOAN BORROWING REQUEST

REVOLVING LOAN BORROWING REQUEST

Date: _____, ____

To: Barclays Bank PLC,
as Administrative Agent
1301 Sixth Avenue
New York, New York 10019
Attn: Justin Snell
Telecopier: (917) 522-0569
Telephone: (212) 320-0708
Email: justin.snell@barclays.com
Email: xrausloanops5@barclays.com

Ladies and Gentlemen:

Reference is made to that certain Third Amended and Restated Revolving Credit Agreement dated as of December 4, 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, Barclays Bank PLC, as the Administrative Agent, and the other parties thereto.

The Borrower hereby requests a Revolving Borrowing, as follows:

1. In the aggregate amount of $_____.

2. On _____, 201_ (a Business Day).

3. Comprised of [an ABR] [a 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 Revolving Borrowing requested herein comply with the Agreement, including Sections 2.01(a) , 2.02 , 3.02 and 3.03 of the Agreement.

[Signature Page Follows.]

NISOURCE FINANCE CORP.

By: _____
Name:
Title:

EXHIBIT D

[Reserved]

EXHIBIT E

FORM OF LC CREDIT EXTENSION REQUEST

LC CREDIT EXTENSION REQUEST

Date: _____, ____

To: [_____],

as LC Bank

[_____]

cc: Barclays Bank PLC,
as Administrative Agent
1301 Sixth Avenue
New York, New York 10019
Attn: Justin Snell
Telecopier: (917) 522-0569
Telephone: (212) 320-0708
Email: justin.snell@barclays.com
Email: xrausloanops5@barclays.com

Ladies and Gentlemen:

Reference is made to that certain Third Amended and Restated Revolving Credit Agreement dated as of December 4, 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, Barclays Bank PLC, as the Administrative Agent, and the other parties thereto.

The Borrower hereby requests a Letter of Credit extension by the LC Bank listed above, as follows:

1. [An issuance of a new Letter of Credit in the amount of $[_____]] [an amendment to existing Letter of Credit No. [_____] issued by such LC Bank].

2. On _____, 201_ (a Business Day).

This request for Letter of Credit extension complies with the Agreement, including Sections 2.04, 3.02 and 3.03 of the Agreement.

[Signature Page Follows.]

NISOURCE FINANCE CORP.

By: _____
Name:
Title:

EXHIBIT F

FORM OF REVOLVING NOTE

REVOLVING 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 Revolving Loan from time to time made by the Lender to the Borrower under that certain Third Amended and Restated Revolving Credit Agreement dated as of December 4, 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, Barclays Bank PLC, as the Administrative Agent, and the other parties thereto. The Borrower promises to pay interest on the aggregate unpaid principal amount of each Revolving Loan from time to time 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 Revolving 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 Revolving Note shall become, or may be declared to be, immediately due and payable all as provided in the Agreement. Revolving 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 Revolving Note and endorse thereon the date, amount and maturity of its Revolving 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 Revolving Note.

THIS NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

[Signature Page Follows.]

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

EXHIBIT G

FORM OF INTEREST ELECTION REQUEST

INTEREST ELECTION REQUEST

Date: _____, ____

To: Barclays Bank PLC,
as Administrative Agent
1301 Sixth Avenue
New York, New York 10019
Attn: Justin Snell
Telecopier: (917) 522-0569
Telephone: (212) 320-0708
Email: justin.snell@barclays.com
Email: xrausloanops5@barclays.com

Ladies and Gentlemen:

Reference is made to that certain Third Amended and Restated Revolving Credit Agreement, dated as of December 4, 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, Barclays Bank PLC, 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 Revolving Borrowing] [Eurodollar Revolving Borrowing with an Interest Period ending on _____, 201_].

4. (select relevant election)

If such Borrowing is a Eurodollar Revolving Borrowing, such Borrowing shall be continued as a Eurodollar Revolving Borrowing having an Interest Period of [__] months.

If such Borrowing is a Eurodollar Revolving Borrowing, such Borrowing shall be converted to an ABR Revolving Borrowing.

If such Borrowing is an ABR Revolving Borrowing, such Borrowing shall be converted to a Eurodollar Revolving Borrowing having an Interest Period of [____] 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.

[Signature Page Follows.]

NISOURCE FINANCE CORP.

By: _____
Name:
Title:

EXHIBIT H

FORM OF PREPAYMENT NOTICE

PREPAYMENT NOTICE

Date: _____, ____

To: Barclays Bank PLC,
as Administrative Agent
1301 Sixth Avenue
New York, New York 10019
Attn: Justin Snell
Telecopier: (917) 522-0569
Telephone: (212) 320-0708
Email: justin.snell@barclays.com
Email: xrausloanops5@barclays.com

Ladies and Gentlemen:

Reference is made to that certain Third Amended and Restated Revolving Credit Agreement, dated as of December 4, 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, Barclays Bank PLC, 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 Revolving Loans in the aggregate principal amount of $_____.

Eurodollar Revolving 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.

[Signature Page Follows.]

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 the Third Amended and Restated Revolving Credit Agreement dated as of December 4, 2014 (as amended, restated, supplemented or otherwise modified from time to time, the " Credit Agreement "), between NiSource Finance Corp., an Indiana corporation (the " Borrower "), NiSource Inc., as guarantor, the Lenders party thereto and Barclays Bank PLC, as the Administrative Agent (the " Administrative Agent ").

Pursuant to the provisions of Section 2.17 of the Credit 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 Credit Agreement and used herein shall have the meanings given to them in the Credit 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 the Third Amended and Restated Revolving Credit Agreement dated as of December 4, 2014 (as amended, restated, supplemented or otherwise modified from time to time, the " Credit Agreement "), between NiSource Finance Corp., an Indiana corporation (the " Borrower "), NiSource Inc., as guarantor, the Lenders party thereto and Barclays Bank PLC, as the Administrative Agent (the " Administrative Agent ").

Pursuant to the provisions of Section 2.17 of the Credit 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 Credit Agreement and used herein shall have the meanings given to them in the Credit 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 the Third Amended and Restated Revolving Credit Agreement dated as of December 4, 2014 (as amended, restated, supplemented or otherwise modified from time to time, the " Credit Agreement "), between NiSource Finance Corp., an Indiana corporation (the " Borrower "), NiSource Inc., as guarantor, the Lenders party thereto and Barclays Bank PLC, as the Administrative Agent (the " Administrative Agent ").

Pursuant to the provisions of Section 2.17 of the Credit 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 Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF PARTICIPANT]

By:

Name:

Title:

Date: _____ __, 20[__]

EXHIBIT G-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 the Third Amended and Restated Revolving Credit Agreement dated as of December 4, 2014 (as amended, restated, supplemented or otherwise modified from time to time, the " Credit Agreement "), between NiSource Finance Corp., an Indiana corporation (the " Borrower "), NiSource Inc., as guarantor, the Lenders party thereto and Barclays Bank PLC, as the Administrative Agent (the " Administrative Agent ").

Pursuant to the provisions of Section 2.17 of the Credit 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 Credit Agreement or any other Loan 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 Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF LENDER]

By:

Name:

Title:

Date: _____ __, 20[__]

Schedule 2.01

(Third Amended and Restated Revolving Credit Agreement)

Names, Addresses, Allocation of Aggregate Commitment, and Applicable Percentages of Banks

Bank Name	Domestic Lending Office	Eurodollar Lending Office	Commitment	Applicable Percentage
Barclays Bank PLC	Barclays Bank PLC 745 Seventh Avenue New York, NY 10019	Barclays Bank PLC 745 Seventh Avenue New York, NY 10019	$100,000,000	6.666666%
Credit Suisse AG, Cayman Islands Branch	On file with the Administrative Agent	On file with the Administrative Agent	$85,000,000	5.666666%
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	On file with the Administrative Agent	On file with the Administrative Agent	$85,000,000	5.666666%
Citibank, N.A.	On file with the Administrative Agent	On file with the Administrative Agent	$85,000,000	5.666666%
JPMorgan Chase Bank, N.A.	On file with the Administrative Agent	On file with the Administrative Agent	$85,000,000	5.666666%
Bank of America, N.A.	On file with the Administrative Agent	On file with the Administrative Agent	$60,000,000	4.000000%
The Bank of Nova Scotia	On file with the Administrative Agent	On file with the Administrative Agent	$60,000,000	4.000000%
BNP Paribas	On file with the Administrative Agent	On file with the Administrative Agent	$60,000,000	4.000000%
Goldman Sachs Bank USA	On file with the Administrative Agent	On file with the Administrative Agent	$60,000,000	4.000000%
KeyBank National Association	On file with the Administrative Agent	On file with the Administrative Agent	$60,000,000	4.000000%

Mizuho Bank, Ltd.	On file with the Administrative Agent	On file with the Administrative Agent	$60,000,000	4.000000%
Morgan Stanley Bank, N.A.	On file with the Administrative Agent	On file with the Administrative Agent	$60,000,000	4.000000%
The Northern Trust Company	On file with the Administrative Agent	On file with the Administrative Agent	$60,000,000	4.000000%
PNC Bank, National Association	On file with the Administrative Agent	On file with the Administrative Agent	$60,000,000	4.000000%
Royal Bank of Canada	On file with the Administrative Agent	On file with the Administrative Agent	$60,000,000	4.000000%
U.S. Bank National Association	On file with the Administrative Agent	On file with the Administrative Agent	$60,000,000	4.000000%
Wells Fargo Bank, National Association	On file with the Administrative Agent	On file with the Administrative Agent	$60,000,000	4.000000%
CoBank, ACB	On file with the Administrative Agent	On file with the Administrative Agent	$165,000,000	11.000000%
Banco Bilbao Vizcaya Argentaria, S.A., New York Branch	On file with the Administrative Agent	On file with the Administrative Agent	$35,000,000	2.333333%
The Bank of New York Mellon	On file with the Administrative Agent	On file with the Administrative Agent	$35,000,000	2.333333%
Fifth Third Bank	On file with the Administrative Agent	On file with the Administrative Agent	$35,000,000	2.333333%

The Huntington National Bank	On file with the Administrative Agent	On file with the Administrative Agent	$35,000,000	2.333333%
National Cooperative Services Corporation	On file with the Administrative Agent	On file with the Administrative Agent	$35,000,000	2.333333%
TOTAL			**$1,500,000,000**	**100%**

Letter of Credit Commitment

Bank Name	Letter of Credit Commitment
Barclays Bank PLC	$50,000,000
JPMorgan Chase Bank, N.A.	$25,000,000
Credit Suisse AG, Cayman Islands Branch	$50,000,000
Citibank, N.A.	$25,000,000
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	$50,000,000
Royal Bank of Canada	$25,000,000

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.

Revolving Credit Agreement, dated as of the date hereof among Columbia Pipeline Group, Inc., as Borrower, CPG OpCo LP, as Guarantor, Columbia Energy Group, as Guarantor, CPG OpCo GP LLC, as Guarantor, the Lenders party thereto as lenders, Citibank, N.A., as Syndication Agent, Barclays Bank PLC, The Bank of Nova Scotia, and BNP Paribas., as Co-Documentation Agents and JPMorgan Chase Bank, N.A., as Administrative Agent.

Revolving Credit Agreement, dated as of the date hereof among Columbia Pipeline Partners LP, as Borrower, NiSource Inc., as Guarantor, Columbia Pipeline Group, Inc., as Guarantor, CPG OpCo LP, as Guarantor, Columbia Energy Group, as Guarantor, CPG OpCo GP LLC, as Guarantor, the Lenders party thereto as lenders, 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 Bank National Association, as Administrative Ag

Exhibit 12

NiSource Inc.
Ratio of Earnings to Fixed Charges

	December 31, 2014	December 31, 2013	December 31, 2012	December 31, 2011	December 31, 2010
Earnings as defined in Item 503(d) of Regulation S-K:					
Add:					
Pretax income from continuing operations [a][b]	$ 795,253,114	$ 717,408,149	$ 591,799,194	$ 461,481,646	$ 398,976,380
Fixed Charges	491,592,837	459,212,080	453,457,181	424,873,958	442,730,583
Amortization of capitalized interest [c]	—	—	—	—	—
Distributed income of equity investees	37,910,964	32,243,416	34,850,000	18,800,143	36,741,190
Share of pre-tax losses of equity investees for which charges arising guarantees are included in fixed charges	—	—	—	—	—
Deduct:					
Interest capitalized [c]	—	—	—	—	—
Preference security dividend requirements of consolidated subsidiaries [d]	—	—	—	—	—
Non-Controlling interest in pre-tax income of subsidiaries that have not incurred fixed charges	—	—	—	—	(11,762)
	$ 1,324,756,915	$ 1,208,863,645	$ 1,080,106,375	$ 905,155,747	$ 878,459,915
Fixed charges as defined in Item 503(d) of Regulation S-K:					
Interest on long-term debt	$ 433,004,301	$ 408,487,642	$ 398,233,583	$ 362,913,295	$ 390,690,947
Other interest	25,526,375	22,574,170	28,541,916	35,399,618	22,851,904
Capitalized interest during period [c]					
Amortization of premium, reacquisition premium, discount and expense on debt, net	9,967,085	9,395,881	9,699,158	8,941,809	10,287,487
Interest portion of rent expense	23,095,076	18,754,387	16,982,524	17,619,236	18,912,006
Non-controlling interest	—	—	—	—	(11,762)
	$ 491,592,837	$ 459,212,080	$ 453,457,181	$ 424,873,958	$ 442,730,583
Plus preferred stock dividends: Preferred dividend requirements of subsidiary	$ —	$ —	$ —	$ —	$ —
Preferred dividend requirements factor	0.63	0.65	0.66	0.65	0.68
Preference security dividend requirements of consolidated subsidiaries [d]	—	—	—	—	—
Fixed charges	491,592,837	459,212,080	453,457,181	424,873,958	442,730,583
	$ 491,592,837	$ 459,212,080	$ 453,457,181	$ 424,873,958	$ 442,730,583
Ratio of earnings to fixed charges	2.69	2.63	2.38	2.13	1.98

[a] Income Statement amounts have been adjusted for discontinued operations.

[b] Excludes adjustment for minority interest in consolidated subsidiaries or income or loss from equity investees.

[c] NiSource is a public utility following ASC 980 and therefore does not add amortization of capitalized interest or subtract interest capitalized in determining earnings, nor reduces fixed charges for Allowance for Funds Used During Construction.

[d] Preferred dividends, as defined by SEC regulation S-K, are computed by dividing the preferred dividend requirement by one minus the effective income tax rate applicable to continuing operations.

Exhibit 21

SUBSIDIARIES OF NISOURCE

as of December 31, 2014

Segment/Subsidiary	State of Incorporation
GAS DISTRIBUTION OPERATIONS	
Bay State Gas Company d/b/a Columbia Gas of Massachusetts	Massachusetts
Columbia Gas of Kentucky, Inc.	Kentucky
Columbia Gas of Maryland, Inc.	Delaware
Columbia Gas of Ohio, Inc.	Ohio
Columbia Gas of Pennsylvania, Inc.	Pennsylvania
Columbia Gas of Virginia, Inc.	Virginia
NiSource Gas Distribution Group, Inc.	Delaware
ELECTRIC OPERATIONS	
Northern Indiana Public Service Company*	Indiana
COLUMBIA PIPELINE GROUP OPERATIONS	
Columbia Gas Transmission, LLC	Delaware
Columbia Gulf Transmission, LLC	Delaware
Central Kentucky Transmission Company	Delaware
Crossroads Pipeline Company	Indiana
Columbia Pipeline Group Services Company	Delaware
Columbia Midstream & Minerals Group, LLC	Delaware
CORPORATE AND OTHER OPERATIONS	
Columbia Energy Group	Delaware
Columbia Gas of Ohio Receivables Corporation	Delaware
Columbia Gas of Pennsylvania Receivables Corporation	Delaware
NiSource Capital Markets, Inc.	Indiana
NiSource Corporate Group, Inc.	Delaware
NiSource Corporate Services Company	Delaware
NiSource Development Company, Inc.	Indiana
NiSource Energy Technologies, Inc.	Indiana
NiSource Finance Corp.	Indiana
NiSource Insurance Corporation, Inc.	Utah
NIPSCO Accounts Receivable Corporation	Indiana

* Reported under Gas Distribution Operations and Electric Operations.

Exhibit 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 333-191983, 333-191983-01 and 333-179821 on Forms S-3, and Registration Statement Nos., 333-181461, 333-107743, 333-166888, and 333-170706 on Forms S-8 of our reports dated February 18, 2015, relating to the consolidated financial statements and financial statement schedules of NiSource Inc. and subsidiaries (the "Company") (which report expresses an unqualified opinion and includes an explanatory paragraph relating to the Company's initial public offering of limited partner interests of Columbia Pipeline Partners LP which was completed on February 11, 2015) and the effectiveness of the Company's internal control over financial reporting, appearing in this Annual Report on Form 10-K of the Company for the year ended December 31, 2014.

/s/ DELOITTE & TOUCHE LLP

Chicago, Illinois

February 18, 2015

Exhibit 31.1

Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Robert C. Skaggs, Jr., certify that:

1. I have reviewed this Annual Report of NiSource Inc. on Form 10-K for the year ended December 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: February 18, 2015

By: /s/ Robert C. Skaggs, Jr

Robert C. Skaggs, Jr.
Chief Executive Officer

Exhibit 31.2

Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Stephen P. Smith, certify that:

1. I have reviewed this Annual Report of NiSource Inc. on Form 10-K for the year ended December 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: February 18, 2015

By: /s/ Stephen P. Smith
Stephen P. Smith
Executive Vice President and Chief Financial Officer

Exhibit 32.1

Certification Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report of NiSource Inc. (the "Company") on Form 10-K for the year ending December 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: February 18, 2015

Exhibit 32.2

Certification Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report of NiSource Inc. (the "Company") on Form 10-K for the year ending December 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: February 18, 2015